

Papal Encyclical's Focus: Moral 'Crisis'

By Peter Steinfels
New York Times Service

NEW YORK — In an encyclical that Pope John Paul II clearly considers one of the most important of his papacy, the Roman Catholic leader asserts that there is a basic morality that transcends all eras and cultures and absolutely forbids certain actions.

But the encyclical, named "Veritatis Splendor" ("Splendor of Truth"), does little to spell out what these intrinsically evil acts are, although it does have an unmistakable subtext that refers to sexual themes.

Instead, the Pope presents an abstract treatise condemning recent trends in Catholic theology that seek to revise some of the church's moral strictures and allow more exceptions to others.

The encyclical, which will be issued Tuesday, is a response, the pope wrote, to "a genuine crisis" in the church and society, "an overall and systematic calling into question of traditional moral doctrine."

The Pope strongly reasserts the church's ability to identify and teach the basic morality and to require Roman Catholic theologians to agree to these judgments.

In passages in which the Pope appears to halt just short of invoking the language of papal infallibility, he emphasizes that this is the first time such an authoritative and extensive outline of fundamental moral principles has ever come from the papacy.

A copy of the official English translation of the encyclical was obtained by The New York Times.

Many recent encyclicals have been addressed to all the Roman Catholic faithful and even to all interested non-Catholics. In contrast, Veritatis Splendor is addressed directly to the church's bishops.

The Pope tells the bishops that they have a "grave obligation to be personally vigilant" and must take appropriate measures to ensure that the faithful are guarded from every doctrine and theory contrary to official church teaching.

These measures appear to include censuring dissenting theologians and removal of the word Catholic from the names of universities, schools, hospitals and social-service agencies that do not reflect the papal teaching.

Because the Pope's condemnations explicitly refer to concepts and labels associated with some of the church's most eminent moral theologians, the encyclical could ignite bitter conflicts among Roman Catholic bishops and theologians and within Catholic institutions.

Six years in the making, the encyclical has been the storm center of rumors, protests and differences of opinion within the Vatican. In July 1990, after a rumor that the encyclical might explicitly declare the ban on contraception to be infallible doctrine, a number of well-known European theologians signed a statement warning that such a step would be catastrophic.

Reports based on an earlier draft and a text leaked last week gave the impression that the encyclical was a fiery denunciation of birth control, sterilization, masturbation, premarital sex, homosexual activity, abortion and other sex-related conduct.

But the actual text is far from that. Only a single paragraph contains a list of sexual sins, saying they are "condemned as morally unacceptable."

That is the only time, for instance, that the word contraception appears in a document 183 pages and over 40,000 words long. There is another passing reference to contraceptive practices, however.



A Sarajevo woman wiping rain from her face on Sunday as she passed while carrying wood to her home for heating and cooking.

Q & A: A Lesson From East Germans?

Birgit Breuel, 56, the president of the institution responsible for salvaging and selling off all the assets of the former East Germany, has been a lightning rod for criticism of the Bonn government's handling of unification. As the Treuhander, she heads winds down, however, she also stands as a champion of Eastern German values that she says Western Germany would do well to adopt. She spoke with *Bradford Mitchener of the International Herald Tribune in Berlin.*

Q. There are increasing signs that East Germans have lost patience with the sluggish pace of modernization. As unemployment creeps, do you see popular patience with new plant closings reaching a breaking point?

A. My impression is that the East Germans are very realistic and have gone along with the process of structural change in a way you could hardly imagine elsewhere. West Germans could use that kind of realism, too. You could never find so many understanding, motivated workers in the West. The people are the greatest asset of Eastern Germany.

Q. How long will it take before Eastern Germany sees the kind of "blossoming landscape" that Chancellor Helmut Kohl promised?

A. Mr. Kohl didn't promise it — he said it would come. Whether it comes is not the problem that preoccupies people. They are worried that it is taking longer than they expected because of the global economic slump and loss of export markets, and that makes them very, very bitter.

Q. What do you think of the wave of "nostalgia" that has come over the East, where people are throwing GDR parties, singing old

Communist songs and putting Eric Honcker's picture back on the wall?

A. I wouldn't call it nostalgia. No one wants the old system back. But I understand that they are suffering from the everyday problems of the switch from dictatorship to democracy and command to market economy. I wish West Germans would show more understanding for what's going on.

Q. How real is the danger that the East might become a sleepy, deindustrialized zone like southern Italy?

A. That suggestion is malicious. The East German economy is modernizing quickly — albeit with a painful loss of jobs — and is progressively establishing the most advanced industries in the world. I didn't know that was the case in the mezzogiorno.

Q. Many people accuse the Treuhander of contributing to the region's deindustrialization. How much of their criticism is justified?

A. The Treuhander is responsible for painful decisions involving job cuts and plant closings, and because we accept that responsibility I expect East Germans to turn to us with their anger. I have much less patience with criticism from West Germans, including the very people who wrote the laws under which we operate. There's an immeasurable amount of unjust criticism. Politicians and the media cultivate the impression that the Treuhander is the key factor in the East's recovery. The fact is that we are now responsible for fewer than 5 percent of the region's workers. That means the main responsibility has lain somewhere else for quite some time.

Q. Three years ago the Treuhander was the biggest holding company in the world, with 8,500 manufacturers, 22,000 service providers and millions of acres of real estate in its care. Plant closings and privatizations have

Bosnia Legislators, Isolated and Bitter, Risk Losing It All

By John F. Burns
New York Times Service

SARAJEVO, Bosnia-Herzegovina — When the Muslim-led parliament of Bosnia walked away from a peace plan last week, some members said they had given up their last chance of salvaging a territory of their own from the wreckage of their country.

As the parliament dispersed, one legislator after another spoke of the agonies of conscience involved in rejecting a chance for peace. Several said the parliament's decision could mean life or death for tens of thousands of people, mainly Muslims.

Lord Owen of Britain, one of the mediators who has spent months negotiating with the Serbian leaders, was among those who feared that there could be more than bluster in Serbian warnings that rejecting the peace plan would lead to the "flattening" of Sarajevo and the extinction of Muslims as a political force.

Radovan Karadzic, the Serbian nationalist leader in Bosnia, has said for weeks that if Muslims reject a state of their own on the 30 percent of Bosnia offered to them in the peace plan, they will end up with no state at all. Until recently, in virtually every move it made, the Bosnian government was motivated by the hope of Western military intervention. But by the time the parliament met there were no illusions left.

President Alija Izetbegovic, who met President Bill Clinton in Washington last month, told the legislators that Mr. Clinton had closed the door on military intervention, telling him that the Bosnian government should make the best deal it could in the Geneva talks.

"Have no doubt about this," Mr. Izetbegovic said. "There will be no American intervention. We are on our own."

Mr. Izetbegovic has often been accused of engaging in public apologetics for his late instead of offering decisive leadership, and his performance in parliament did little to assuage his critics.

Calling the choice before the parliament "a personal tragedy for all of us," he said he was unable to recommend acceptance or rejection of the peace plan. Instead, he offered arguments — nine for the plan, five against — and urged the legislators to make their own choice.

In opting for a middle course — accepting the principle of Bosnia's dismemberment into three ethnic

WORLD BRIEFS

UN to Delay Vote on Libya Sanctions

UNITED NATIONS, New York (WP) — The Security Council has begun to consider tightened economic sanctions against Libya to secure the extradition of two suspects accused in the bombing of Pan Am Flight 103, but has informally agreed to delay the final vote until Oct. 15, diplomats said.

In statements last week, the Libyan government indicated that it was ready to allow the two suspects to stand trial in Scotland. Foreign Minister Omar Muntasser went one rhetorical step further, saying the government had secured the agreement of the suspects, Abdel Basset Ali Megrahi and Lamen Khalifa Fhimah, to be tried.

"We will force them to do it," Mr. Muntasser said. "But we don't know how long it will take, perhaps a week, or two weeks."

Islamic Militants Call Strike in Gaza

GAZA CITY, Israeli-Occupied Gaza Strip (AFP) — The Israeli Army vowed Sunday that the hunt for wanted Palestinians would go on as the militant Islamic group Hamas called a strike after soldiers shot and killed two Muslim guerrillas and captured 16. The Palestine Liberation Organization leader, Yasser Arafat, meanwhile, protested to Prime Minister Yitzhak Rabin of Israel.

The strike shut down the Gaza Strip towns of Nusseirat and Bureij where the local leader and deputy of Hamas's armed wing were shot in an army sweep on Saturday, a correspondent reported.

Masked militants of Hamas, who oppose the Israel-PLO autonomy accord, paraded in the streets of Bureij before the army deployed in force, witnesses said. But the protest action was only partly observed in Gaza City, where Palestinian radicals fired shots at an army base, and the rest of the strip. Soldiers rioted in Gaza City, but no injuries were reported.

Seoul Makes a Bid for Ties to North

SEOUL (AP) — South Korea will promise to halt war maneuvers with the United States and support an opening of North Korean diplomatic ties with Tokyo and Washington if the North resolves a nuclear dispute, the South Korean news agency Yonhap reported Sunday.

South Korea's message will be conveyed to the Communist North Tuesday at the first working-level meeting between delegates of the two nations in 10 months, Yonhap said. The agency also said South Korean delegates would propose an exchange of presidential special envoys later this month.

Suspicion that the North is developing nuclear weapons, intensified by North Korea's refusal to accept international or inter-Korean nuclear inspections, have blocked progress in easing tension between the two Koreas.

Short and Kasparov Draw 12th Game

LONDON (Reuters) — Nigel Short and Garry Kasparov have completed the first half of their 24-game chess match with a hard-fought draw in the 12th game. Kasparov leads the match, 8½ to 3½, after five victories and seven draws. He needs only a 12-12 tie to retain the crown, while 12½ points would secure the five-eighths winner's share of the £1.7 million (\$2.6 million) prize sponsored by the Times of London.

On Saturday, Mr. Kasparov continued his strategy of risky and ambitious play when defending with the black pieces and sacrificed a bishop early in the 12th game to gain an armada of dangerous passed pawns. Mr. Kasparov seemed to have slightly more winning chances, experts said, but Mr. Short's accurate play kept the game roughly in balance.

TRAVEL UPDATE

A Strike by French Rail Workers

PARIS (Reuters) — French rail workers will begin strikes on Sunday at midnight to protest a wage freeze by the state-owned system.

The Communist-led General Labor Confederation planned to walk out until 8 A.M. on Tuesday, and the leftist Democratic Labor Federation was due to strike from 8 P.M. Tuesday until 8 A.M. Thursday.

The state railroads have forecast little disruption on Monday in the Paris region except on local lines heading north and northeast, where two out of three trains are expected to run.

British Airways plans to let women and children travel separately from single male travelers on its Saudi Arabian flights. It will set up a "segregated" cabin behind the business-class section of its Boeing 747s for 15 flights weekly between London and Saudi Arabia. (AP)

A virulent strain of dysentery induced by a bacteria believed to have entered Sao Tome and Principe through food imports from Africa has killed about 500 people, a government health official said. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Honduras, Lesotho.
TUESDAY: Lesotho, Macau, Portugal.
WEDNESDAY: Egypt, Kazakhstan, Syria.
THURSDAY: Israel.
FRIDAY: Cuba, Peru.
SATURDAY: Ecuador, Uganda.

Sources: J.P. Morgan, Reuters.

Mubarak's Next Term: A Battle With Instability

By Caryle Murphy
Washington Post Service

CAIRO — A national referendum on Monday will give President Hosni Mubarak his third six-year term in office, assuring him stewardship of Egypt at a time when the country faces crucial changes and a rise in Islamic violence.

Critics question whether Mr. Mubarak, 65, who came to power 12 years ago after the assassination of his predecessor, Anwar Sadat, and who is well known for his caution and stubbornness, can successfully shepherd Egypt through a period of economic reform and possibly political restructuring.

Mr. Mubarak has not spelled out his plans for his next six years in office. But Egyptian and Western analysts warn that moving too slowly or ignoring demands here for change would court instability.

"Up to now, we have seen no attempt to reform from within," said Essam din Montasser, an economics professor at American University of Cairo. "The system has got to the point where it is not listening."

"If this continues," he added, "there will be certain shocks, social shocks, and then they will reform. But the government, in its present status, seems to me not competent to reform."

Mr. Mubarak is the sole candidate in the election campaign. He was nominated in July by the People's Assembly, where his party holds 80 percent of the 454 seats. Under the constitution, the president is nominated by the assembly elected by popular referendum.

More than at any other time in Mr. Mubarak's presidency, Egypt is at a crossroads. Its economic restructuring program, aimed at dismantling a bloated, socialist-style public sector, has yet to enter its most painful phase, while initial reforms already have widened the gap between rich and poor.

An Arab analyst said of Mr. Mubarak's next six-year term: "These are really crucial years in terms of modernization, competitiveness and creating a paradigm for the integration and containment of the Islamic movement."

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Rivals in Bosnia War Move Further Apart

SARAJEVO, Bosnia-Herzegovina — Serbs and Muslims both struck blows to fading hopes for peace in Bosnia over the weekend with the withdrawal by the Bosnian Serbian parliament of territorial concessions and violence between Muslims.

The rebel Bosnian Serbian parliament voted Saturday to cancel concessions made to the Muslims as part of the latest Geneva peace plan. The Muslim-led Bosnian parliament had effectively rejected the peace plan on Wednesday by making acceptance of the pact conditional on the return of all territory "seized by force."

This angered the Serbs, who vied to withdraw an earlier promise of access for Muslims to the Sava River at the town of Brcko. The town, which sits on a vital supply corridor for the Serbs, has seen heavy fighting.

"Brcko will be a Serb town now, and the people will be able to sleep soundly," said Radovan Karadzic, the Bosnian Serbian leader.

Bosnia's Muslim president, Alija Izetbegovic, has said he wants to keep talks open, but international negotiators say they are worried by developments.

European Community foreign ministers are scheduled to meet Monday to discuss the situation.

In Velika Kladusa, gungun loyal to Mr. Izetbegovic stormed a radio station and shot dead a policeman on Sunday while trying to suppress rebellious fellow Muslims, local officials said.

It was the first confirmed death in disturbances in the enclave of Bihać since Muslims opposed to Mr. Izetbegovic declared independence in the area last week, provoking intervention by government troops.

The breakaway kindled the first intra-Muslim strife in Bosnia after 18 months of civil war in which rebel Serbs and Croats have seized 85 percent of the former Yugoslav republic from Muslim government forces.

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Barbados	1-800-877-8000	+Cuba	080-900-01	+Ireland	1-800-55-2001	+Monaco	89-8087	+Russia	01-800-877
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Brazil	000-8016	+France	19-9-0087	+Korea	800-16	+Norway	650-12-877	+Switzerland	155-777
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AMERICAN TOPICS

Gum Machine Cash Goes to Middleman

They are in stores and restaurants everywhere: a gum-ball dispenser, a box of mints, a counter-top wishing well. On each, the insignia of a charity beckons: drop in a coin and you will help the needy.

Small in size, these fund-raising techniques can be big money makers. The National Federation of the Blind, a typical example, raises more than \$100,000 a year this way.

In fact, many charities have little to do with the vending devices that bear their insignia and no direct stake in the coins that are collected. The Washington Post reports. They are simply renting their names to others for a fee — perhaps \$1 per month per device.

Not all charity vending is done through licensing arrangements with individual vendors. Some charities manage their own devices.

But in one such arrangement, the March of Dimes Birth Defects Foundation received \$1.4 million last year from 125,000 machines owned and managed by Curtis Products Co. of Alpharetta, Georgia.

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now," Dr. Ribnik, an anesthesiologist in Cheyenne, Wyoming, writes that nearly half his patients are covered by government Medicaid for poor people and Medicare for the elderly and disabled, or by no insurance at all — but he looks after them anyway. By comparison, "busy legal aid offices can barely handle criminal cases, so most poor civil litigants must fend for themselves. He proposes a taxpayer subsidized "Legalaid" for the needy and "Leticare" for the elderly.

Financing his family's vacation flights with frequent-flyer credits, Dave Gamba piled up a whopping 2.5 million air miles without ever getting on a plane. The New York Times reports. Mr. Gamba, 50, a Denver sales man, bought thousands of dollars worth of traveler's checks with credit cards each month, scoring one frequent-flyer mile for each dollar charged. He then deposited the checks and drew on his account to pay his credit-card bill. He amassed up to 90,000 miles (145,000 kilometers) a month. Only once, he says, has he booked a flight and then discovered that he had to pay for it: on Thai Airlines from Chiang Mai, Thailand, to Singapore. "It was awful," he says.

Spouses, especially men, are frequently guilty of unwittingly sabotaging their mates' diets. Howard M. Shapiro, a New York physician who specializes in weight loss programs, says that among more than 6,000 of his patients, 70 percent of the women had trouble getting their mates to cooperate in their dieting, as opposed to 5 percent of his male patients. "Generally," he said, "the woman will do anything to support the man's weight loss. She'll change her cooking habits, keep problem foods out of the house and be very careful about restaurant and vacation plans." But "most husbands are saboteurs," he said. "They persist in bringing snack foods and desserts into the home and reward their wives' weight loss with trips to fancy restaurants."

A man in a wheelchair rolled into a bank in Springfield, Massachusetts, took \$2,500 from a teller and fled in a getaway car. The driver helped him fold the chair and get in. Anthony Garafalo, 33, was charged with unarmed robbery. Three years ago, he robbed two banks during a four-day crime spree that ended when a liquor store owner shot him, paralyzing him from the waist down. That time, he escaped a prison sentence; the judge said that "he's already been punished — in my judgment — more than this court could ever punish him."

Arthur Higbee

Hong Kong Asks: Can Patten Talk Himself Out of a Corner?

By Kevin Murphy International Herald Tribune

HONG KONG — On the anniversary of a speech that promised much and caused bad feelings with China over political reform in Hong Kong, the colony is looking to Governor Chris Patten this week to show a way out of the dispute in which Beijing has gained the upper hand.

Despite high hopes for an amicable end to the impasse, few politicians or analysts expect Mr. Patten's second annual speech on Wednesday or two sold-out public meetings afterwards to produce a conclusive answer.

"He's a good public speaker, he talks very prettily," said a Hong Kong legislator, Christine Loh, a strong supporter of Mr. Patten's proposals to broaden Hong Kong's electoral base in 1995 legislative elections, the last under British rule. "But in his speech to the Legislative Council I expect fitness, not substance."

Pincered by Beijing's fierce opposition

and winning public support for a go-it-alone stance, Mr. Patten has been public enthusiasm for his proposals wither as British and Chinese negotiators slogged through 12 rounds of talks that have elicited no concessions from Beijing.

"Mr. Patten is in a corner," said Archie Hart, head of research at Crosby Securities (HK) Ltd. "Either he rolls over, or he pushes ahead. China has effectively left him no middle road."

Last year, before his first speech, Mr. Patten wooed Hong Kong with a nice-guy, man-of-the-people publicity blitz.

With high marks in local opinion polls, he opened public coffers to increase social spending, pledged to clean up the environment, advocated more open government, and devised a plan for greater democracy that side-stepped earlier Chinese-British agreements on local elections.

This year, with China and much of the local business community allied against him and details of the negotiations with Beijing wrapped in secrecy, Mr. Patten is

fighting for credibility and to regain last year's momentum. Nonetheless, he is expected to delay any move this week that could scuttle negotiations.

While there is still time to negotiate with China, analysts expect Mr. Patten to, at most, detail why the negotiations have ground to a halt, a strategy designed to coax Beijing into genuine give-and-take talks.

A move without China's blessing to present the reform package in the Legislative Council, where it is likely to be voted down or weakened considerably through amendments, would contravene popular opinion.

Such a strategy would also require more daring than London traditionally musters in Hong Kong affairs. But Hong Kong newspapers reported Sunday that Mr. Patten would meet with Prime Minister John Major in London early next month to discuss the option.

"Britain is still trying with the idea of unilateral action on the reforms," said Nick Moakes, an analyst with S.G. War-

burg Securities, "but most people, including the Chinese, don't think they have the guts to do it. They should have done it before they ever started negotiations in April."

In the face of Western international support for the Patten proposals, Beijing repeatedly attacked them and threatened British business interests while stalling discussions on major infrastructure investments in Hong Kong.

But since its April decision to discuss the proposals with Britain, China has approved several projects spanning 1997 and moved to separate decisions regarding Hong Kong's economy from the political dispute. According to most opinion polls, most Hong Kong residents prefer negotiations, even if they last indefinitely, to confrontation with China.

Judging from leaks from the negotiations and Beijing's decision to republish a 1982 threat by its senior leader, Deng Xiaoping, to retake Hong Kong before 1997 if it

became unstable, China is in no mood to compromise on electoral reform.

"The Chinese side thinks the British keep playing tricks with them, but it doesn't want to see the economy harmed," said Carson Wee, a lawyer and one of nearly 100 prominent Hong Kong residents appointed special advisers to Beijing on Hong Kong affairs.

"Public sensitivity to the politics is evaporating," Mr. Wee said. "Most people in Hong Kong don't care one way or another as long as business goes ahead."

Amid strong speculation that Britain is offering a significant retreat from a package first proposed in Mr. Patten's first policy speech, a 13th round of Chinese-British talks is scheduled one week after the Wednesday speech.

"Mr. Patten is not going to say anything drastic on the political side," Mr. Moakes said. "He will keep it bland. Eventually he said, 'He will back down in such a way as to not be humiliated. He never meant to get so bogged down in this.'"

Quake Victims Get Help, but Not From New Delhi

By Edward A. Gargan New York Times Service

TAWASHIGAD, India — Krishna Bai Mani pressed her palms together as she talked, the red glass bangles on her wrist tinkling faintly. Behind her, a pile of rocks and dust was all that remained of her home. But she and her family had survived a terrible earthquake.

"Yes," she said, smiling, "they gave me something. They gave me milk. They gave me bread, plain-tains, rice. They gave me as much as I wanted. They even gave me cooked chapatis, enough to fill my stomach."

But for Mrs. Mani, and the tens of thousands of people made homeless by the earthquake Thursday morning, it is not the government that has come to their aid, but dozens of private relief organizations from banks, newspapers and industries.

[Official estimates of the death toll ranged from 20,000 to 30,000 on Sunday, news agencies reported.]

In this village, and in the 40 or so others destroyed, hundreds of social workers and volunteers combed the wreckage and staffed field kitchens and medical clinics, not because the government had told them to but because they felt it was their responsibility.

"We got reports that this village had no relief work," said Dwarikanath Lele, a retired newspaper editor who, at 62, has joined the social relief organization of his former paper, Sakal. "We brought two vehicles with bread and curries. It took eight hours to reach here from Pune."

Mr. Lele squatted inside a tent filled with sacks of grain and containers of masala spices. "We even brought gas cylinders because we didn't know if we would find anything to cook with," he said.

This village, now no more than hillocks of stone and rubble pincered by vacant doorframes, lies far along a winding, muddy track that skews fields of blooming mustard flowers.

Up a rise near an undamaged temple, sheets of corrugated metal have been fashioned into lean-tos. Along the ghostly lanes of the village, 100 soldiers in camouflage

'Our founder said, why should we depend on the government? We should be doing it ourselves.'

Dwarkanath Lele, aid volunteer

fatigues helped villagers dig through rubble for household supplies to salvage.

"We have found all the bodies, we think," said an army major, who requested anonymity. "All together about 500 people died here. There were about 500 houses here. Now there are none. What we're doing now is helping people find their stuff, cooking utensils, beds. If they want to work we will help them."

And work is what the survivors of the earthquake are doing. Throughout this region of eastern Maharashtra, a rolling land of sugarcane, sunflower and mustard-flower fields, oxcarts filled with the remains of people's lives labor over the roads, toward makeshift encampments. In freshly plowed fields, men propped up tree limbs to form the frames for lean-tos, and women resumed the daily chores of life.

On the nearby main road, army vehicles rumbled by transporting soldiers to other villages. Flatbed trucks lugged bulldozers to settlements to clear rubble. But nowhere was there any sign of government relief.

Here in Tawashigad, Mr. Lele said, no one expected the government to provide relief. "It is better not to speak about the government," he said. "We are doing it only. Our newspaper set up a relief fund in 1944 when there was a drought in Bengal. Our founder said, why should we depend on the government? We should be doing it ourselves. From then on, we have been doing this work."

Down the hill, in the village, a new group of volunteers arrived, sturdy young men from Tata Engineering and Locomotive Company, armed with sticks and shovels. They headed into the rubble, separating into small groups as survivors took them to what remained of their houses to recover possessions.

"I have never seen something like this," Mr. Lele said. "Actually I wept. Such an atmosphere. Smoke was coming up from the funeral pyres. I had to thank God, it could have been me there."

At the village primary school, its courtyard taken up by Mr. Lele's relief team, the village leader, Chandra Harsha Grotala, stood before the male residents, his eyes wet with tears, his voice breaking.

"Nobody is going to take things not required by him," he said. "If someone comes with clothes, take one or two. That is sufficient. Let the brothers and sisters of us have a chance. We are all together here. Thank God he has spared us. There is no use fighting for a loaf or two of bread. If you have a loaf, give half to the one next to you. If someone needs help and there is no one around, you help them."



An Indian villager submitting to an inoculation as volunteers worked to protect earthquake survivors from the spread of disease.

Mandela Is Studying Afrikaner Land Plan

By Paul Taylor Washington Post Service

JOHANNESBURG — In his most conciliatory signal yet to South Africa's white right, Nelson Mandela disclosed Sunday that the African National Congress was reviewing a map for a new South Africa that includes a region where Afrikaans-speakers could enjoy limited autonomy.

"They've given us a map," the ANC president told the South African Press Association as he completed a 10-day visit to the United States. "We are studying that map now, and we are serious when we say we want to address the fears of all communities."

Mr. Mandela emphasized, however, that the ANC would never accept a political dispensation where race or ethnicity was the basis for citizenship.

That means he is unprepared to meet the demands of the most hard-line Afrikaners, who have threatened armed resistance to a black-led South Africa unless they can have their own ethnically-based state carved out from it.

Mr. Mandela's overture seems designed to split the ranks of the right wing between those willing to talk and those determined to fight.

As the likely president of a democratic South Africa, he appears ready to offer a region where Afrikaners would have assurances that their schools, language and culture would not be swamped, without resorting to apartheid-era laws.

Such a compromise, along with the maps to underpin it, will become the subject of intense discussion over the next six weeks, as South Africa's multiparty democracy negotiators scramble to finish writing an interim constitution to pave the way for the nation's first all-race election on April 27.

A power struggle now seems inevitable between the two dominant figures at the helm of the Volkfront — General Constand Viljoen, former head of the South African Defense Force, and Ferdinand Hartzenberg, leader of the Conservative Party.

The former says he wants to avoid war if at all possible; the latter rarely gives a speech without raising the specter of guerrilla warfare or various forms of conditional terrorism, such as disabling the nation's electrical power system.

The Afrikaners are settlers of Dutch, German and French Huguenot descent who first arrived on the southern shore of Africa 342 years ago. They now comprise about 60 percent of South Africa's white population and eight percent of its overall population.

South Africa's multiparty negotiating forum is already drafting a constitution that envisions a federal system of government in which there would be anywhere from nine to 11 regions, each of which could make its own decisions about such matters as education and language.

The difficulty in accommodating the Afrikaners is that there are not enough of them to form a clear majority in any viable region. But the Volkfront has made public a gerrymandered regional map, presumably the one presented to Mr. Mandela — that emanates like spokes of a wheel from a hub of Pretoria, the current administrative capital of the nation.

It would have a bare majority population of Afrikaners, and would not include the vast gold and other mineral deposits around Johannesburg.

The problem is that natural population growth even in such a carefully crafted region would, in short order, probably yield a black majority.

Paris Police Detain 28 In Immigration Sweep

PARIS — The police checked identity papers of 1,500 suspected illegal immigrants and drug dealers in two Paris districts Sunday, the first such operation under a tough immigration law adopted by France's conservative government.

At least 28 people without proper documentation were detained in the sweep by about 400 police officers in the central Halles district and the Stalingrad area in northern Paris.

BRIDGE

By Alan Truscott

IN THE final of the Bermuda Bowl, for open teams, the Dutch and Norwegians, each playing for their first world team title, were evenly matched throughout. The Netherlands led by 12 imps after 96 deals of the 160-deal match. One would expect a player holding the East hand shown in the diagrammed deal to bid vigorously to five clubs or even six clubs. But a player scored a triumph against the United States with the East hand by doing nothing at all. When a weak two-diamond opening on her left was passed around to her she knew two things: A club contract would play badly with the diamonds massed in the South hand; and South was due to have a hard time in two diamonds.

Clubs were led, and South ruffed the third round low. West over-ruffed and cashed the spade ace, on which East threw her singleton heart. A spade was ruffed by East, and South ruffed the next high club lead with the diamond queen and led a small trump.

When East won she led another club, and South made matters worse by ruffing with the king. Since East had three winning trumps and South but two, East claimed the remaining tricks for down six.

The American East-West played in five clubs and failed by a trick, so Germany gained 12 imps, with 600 in one room and 50 in the other.

The perfect contract for East-West is three no-trump, hardly a likely choice. The Dutch team came close when North opened one spade in the third seat and an un-

usual two no-trump by East ended the bidding. They gained 6 imps when East led to six clubs and failed by two tricks.

NORTH
♠ Q J 9 8
♥ A Q J 6 3
♦ —
♣ J 9 5

WEST EAST
♠ A 7 5 4
♥ K 10 6 5 2
♦ 7 5
♣ 7

SOUTH (D)
♠ K 3 2
♥ 7 4
♦ K Q 8 4 3 2
♣ 6 2

North and South were vulnerable. The bidding: South West North East 2♦ Pass Pass Pass Pass West led the club seven.

NUCLEAR: Cold War Is Over, but U.S. Fears Spread of Nuclear Arms

Continued from Page 1

dozen or so nations with primitive chemical weapons capabilities now seem to be trying to improve or calibrate arsenals and also develop usable biological arms. Chemical weapons kill by poisoning, while biological arms spread potent and deadly viruses.

India and Pakistan, for example, have reportedly swapped chemical weapons since the 1991 Gulf War demonstrated how readily Iraq's poison gas capability drew public attention. Other nations, with older stocks of poison gas, are reportedly trying to develop "binary" weapons, composed of two chemical canisters that become lethal only when mixed in battle; such arms are more easily stored and used.

The breakup of the Soviet Union has created such political disarray, American officials say, that it may be only a matter of time before some former Soviet nuclear weapons materials fall into dangerous hands. North Korea, Iran and Iraq made substantial — but so far unsuccessful — efforts to obtain either former Soviet weapons scientists or the product of their labors.

American officials say the continuing appetite for weapons of mass destruction is worrisome, partly because many of the countries seem unlikely to respect the

SOMALIA: 2 American Helicopters Are Shot Down

Continued from Page 1

Since the downing of that first Blackhawk last weekend, which was believed to have been hit by a rocket-propelled grenade, the Clinton administration has indicated a shift in policy in Somalia, suggesting the need for more political dialogue to resolve Somalia's violence and playing down the need for arresting General Aidid, which to now has been the major preoccupation of the U.S.-led troops in the capital.

UN Secretary General Butros Butros-Ghali has warned that any scaling down of the U.S. military commitment might doom the entire UN effort to restore security in Somalia.

With Sunday's attacks, General Aidid either by accident or design appears to be succeeding in exploiting the wedge between the United States and the United Nations, playing to America's weakness by increasing the U.S. casualty toll.

General Aidid has defied months of American predictions that he

would be apprehended or forced to flee into obscurity, and he has demonstrated that he can face down the world's remaining superpower using classic guerrilla warfare tactics that have little impact on the military situation on the ground but can serve to erode American domestic opinion.

General Aidid also seems to have benefited from being constantly underestimated. After the ambush attacks of June 5 that killed two dozen Pakistani peacekeepers and precipitated the current crisis, U.S. military officials calculated that by striking at General Aidid's arms depots and smashing his headquarters compound, he would simply fade into oblivion; he didn't.

But U.S. and UN officials continued to underestimate him. They claimed repeatedly that he could only count on the support of about 200 guerrilla fighters, but after each new encounter, as they inflicted heavy Somali casualties, oom pro-Aidid guerrillas always seemed to emerge.

Hooded leftist militants gathered to protest the annual meeting of the German People's Union in Passau, but no fighting was reported, the police said. The only disturbance came from hecklers from a rival rightist extremist party.

On Friday night, about 1,000 people marched through Passau to protest the meeting.

At least 28 people have been killed in rightist violence in Germany since the country was reunified three years ago.

Rightists Rally in Passau

At least 2,000 members and supporters of a German far-right party

BOOKS

A WOMAN'S VIEW: How Hollywood Spoke to Women, 1930-1960

By Jeanine Basinger. Illustrated. 528 pages. \$30. Alfred A. Knopf.

Reviewed by Michiko Kakutani

IN "Woman of the Year," Katharine Hepburn plays a famous political columnist whose devotion to her high-powered career infuriates her sportswriter husband, played by Spencer Tracy, at the end of the movie, she tries to please him by trying to cook breakfast.

In "Mildred Pierce," Joan Crawford plays an implacable woman who works her way up from poverty to affluence; she becomes the owner of a successful chain of restaurants, but along the way, she spoils her only daughter, and the girl grows up to become a murderer.

In "The Ghost and Mrs. Muir," Gene Tierney plays a widow who writes a popular book with a little help from a friendly ghost; she subsequently decides she wants a more conventional life and accepts a real man, only to learn that he is married. She spends the rest of her life alone, living off the proceeds of her book.

One of the messages of these movies is that a woman can't have it all, that career and marriage (or family) belong to an either-or equation.

Indeed, as the film historian Jeanine Basinger's chatty new book, "A Woman's View," makes overwhelmingly clear, the women's films produced by Hollywood between 1930 and 1960 routinely upheld the status quo, repeatedly re-

minding women "that they have a biological function related to their role as women," that being a woman is itself "a full-time job."

But in trying to convince women "that marriage and motherhood were the right path," Basinger adds, these movies "had to show women making the mistake of doing something else": They had to show women stepping outside the rules, savoring freedom and wielding power by having children out of wedlock, entering the corporate boardroom, dodging bullets, setting the frontier.

In doing so, Basinger suggests, these movies covertly offered audiences a taste of liberation. Even if they ended with the unruly heroine dead, punished or hunk in the field, such films glamorized the possibilities of life beyond the kitchen.

"Thus," Basinger writes, "what emerges on close examination of hundreds of movies is how strange and ambivalent they really are. Stereotypes are presented, then undermined, and then reinforced. Contradictions abound, which at first seem to be merely the result of carelessness, the products of commercial nonsense. But they are more than that: products of a complex, integral and even necessary aspect of what drives the movies and gives them their appeal. These movies were a way of recognizing the problems of women, of addressing their desire to have things be other than the way they were otherwise."

This is the central premise of "A Woman's View," and it is reiterated again and again in the course of 500 pages. The reader keeps waiting for Basinger to amplify this idea, but she never really does.

She isn't particularly interested in assessing what the conventions of

women's roles mean in broader cultural terms, or in examining the aesthetic consequences of the sexual revolution of the 1960s. Instead, she is content to illustrate her fairly simplistic thesis with dozens and dozens of examples, drawn from both well-known and more obscure films.

On these limited terms, "A Woman's View" makes for entertaining reading. Basinger, the head of the film studies program at Wesleyan University, is enormously knowledgeable about her subject, and she demonstrates an ability to describe movies and movie characters with admirable verve and wit.

In the course of doing so, she provides the reader with a veritable anatomy of the women's film, dissecting the genre and cataloguing its components with all the enthusiasm of a first-year medical student.

Basinger declares that "the woman's film rule book of behavior" has four basic rules: "a woman must be a good sport," "a woman will need to lie in order to survive," "a woman must not be evil" and "a woman must be initiated into what it means to be a woman."

Michiko Kakutani is on the staff of The New York Times.

She argues that women's films assign men four basic roles: "they die or disappear," "they are deeply involved in their work, which is more important to them than any woman, even if she is dying of cancer," "they let women down, because they lose their jobs, make women pregnant under adverse conditions, use them or discard them in various ways, or develop amnesia and forget they ever knew them," or "they beat, rape, and kill women."

No doubt such categories are interesting to the film student, intent on writing a term paper about women's movies, or the screenwriter, intent on creating a parody of the genre. They may even be interesting to the ardent film buff, who wants to compare and contrast favorite movies, seen at revival houses or on late-night television.

Other readers will simply wish that such categories had served as a jumping-off point for some deeper and more provocative analysis.

WHAT THEY'RE READING

Gerardurrell, British author and naturalist, reads his own books as a soporific at night and five or six others at once.

"It might be the latest Dick Francis, a book of poetry, or an erudite tome on the sex life of the Patagonian weasel. A house without books is an empty shell." (Michael Butler, 1977)



a Corner?

Mandela Is Studying Afrikaner Land Plan

CRISIS IN MOSCOW / OUTMANEUVERED



A wounded Moscow policeman climbing over a military vehicle near parliament on Sunday as he sought to reach safety.

Surging Mob Too Much for Lightly Armed Police

By Lee Hockstader
Washington Post Service

MOSCOW — The police made a stand near McDonald's, but they could not hold. They made a stand at a bridge over the Moscow River, but they were pushed back. And finally, they made a last stand near the Russian parliament, but they were overwhelmed.

President Boris N. Yeltsin's forces had ample warning on Sunday that a crowd was scheduled to gather at 2 P.M. and that it planned to march on the White House, as Russia's parliament is known. But their lines buckled before a mob that swelled to perhaps 7,000 or more, and they used no lethal force to turn back the waves of demonstrators, until it was too late.

Indeed, most of the 1,000 to 2,000 militiamen were armed only with riot sticks, and when the roaring crowd surged with its full-throated battle cry and its red hammer-and-sickle flags, the police gave way. Like a defeated army, they retreated chaotically, with sirens wailing, tires screeching, and panicked young men in full riot gear running for their lives.

"We could not shoot," said one ashen-faced policeman who panted to catch his breath as he fled. "No one wants a massacre."

The police fired tear gas at the demonstrators at several points, but it was not enough. They clubbed scores, maybe hundreds of people, but the marchers kept coming. Each time they collided with the marchers there was the sound of riot sticks meeting bone, of riot shields clashing and of the injured on both sides screaming and moaning in pain.

Many of the marchers, probably most, were middle-aged or older. There were

relatively few people under 30. But the throng kept up a purposeful pace.

When the marchers reached the parliament building, many of them armed with rocks and clubs, they advanced on the militia's last lines of defense. Numbers were on the marchers' side, and so was adrenaline. The police awaited their advance in silence, their fear palpable.

If the forces of communism and far-right nationalism carried the day, it was

'These people are crazy. I think this is not the end but the start of terrible bloodshed that will continue for days. I hope it is not the start of a war.'

Misha, 26, a Moscow resident

because they enjoyed the natural edge of a determined, even fanatic minority. As for the majority — the millions of Russians who gave Mr. Yeltsin a decisive victory in the popular referendum in April — they were nowhere to be seen until late Sunday night.

When they first caught sight of the marchers flooding down Moscow's Garden Ring Road, some of the bystanders smiled wearily at first, believing they were seeing yet another harmless protest march. But within moments they would see the militia fleeing the throng's advance in their direction, and the smiles would vanish. They would grab their bags and their

children and hurry away, ducking into side streets and alleys or jumping into their cars and speeding off.

Just after 3 P.M., as the marchers reached the Arbat, the pedestrian walkway whose most recent tenant is a newly opened McDonald's, the police had brought up hundreds of reinforcements in buses and military trucks. Again, they fired volleys of tear gas. But even that was not sufficient to deter the thousands of demonstrators.

By 3:20 P.M., just an hour after the demonstrators had begun their march near a giant statue of Lenin at October Square, they reached the White House, where members of parliament and several hundred armed supporters have been holed up under siege for a week and a half.

As they arrived there was a torrent of gunfire, but it was not clear whether it was pro-Yeltsin police units firing in their air, or anti-Yeltsin forces firing on the police.

The crowd, now jubilant, swarmed onto the grounds of the parliament, hugging and dancing and shouting that a great victory had been won for Russia, for democracy, for the constitution and for legality. Old women hoisted posters of Stalin, and the red flags of the former Soviet Union seemed to be everywhere. Several people yelled anti-Semitic slogans.

By now the marchers had joined forces with their compatriots inside the parliament building, many of them heavily armed. Their numbers and courage thus fortified, they turned their attention to a tall building next door, where Moscow city officials had been coordinating their siege of the parliament and where the International Monetary Fund and many foreign businesses have their offices.

Volleys of shots rang out, shattering the

lobby windows, and the crowd stormed the building.

By 4:30 P.M. the rout was complete, and the pro-Yeltsin militia, what was left of it, could only watch from a bridge, 200 meters away. There was shattered glass all over, and men were led from the tall city hall building bleeding and bandaged.

All week, the anti-Yeltsin forces inside the White House had taken care not to flaunt their weapons, which the government had called on them to surrender. But now, for the time being at least, all government authority had fled, and there were weapons evident everywhere.

Like the crowds in Berlin who chipped away their souvenirs from the Wall, these demonstrators found their memento of triumph, too. Before long nearly everyone carried small curbs of razor wire, cut or hacked from the coils of the stuff that the militia had strung around the White House last week. One middle-aged woman wore a piece on her woolen coat, like a pendant.

From the loudspeakers at the parliament, Sergei Baburin, a hard-line deputy, urged the crowds to keep calm. "Victory will be ours!" he proclaimed. "Don't listen to rumors!"

As blue sky faded to dusk, the White House became something of a local attraction for Moscowites. Couples dressed in their Sunday best strolled onto the grounds, mixing with the stubble-faced vigilantes.

Misha, a 26-year-old artist who lives nearby, wandered by, stunned by the day's events. "These people are crazy," he said. "I think this is not the end but the start of terrible bloodshed that will continue for days. I hope it is not the start of a war."

Rebels Take Fight Into Georgian Heartland

TBILISI, Georgia — Rebels hostile to the Georgian leader, Eduard A. Shevardnadze, have advanced out of their ethnic territory and threaten the capital, Tbilisi, Georgian radio said Sunday.

The rebels are loyal to the former Georgian president, Zviad K. Gamsakhurdia, who is mounting a comeback from the western region of Mingrelia.

The radio said gunmen using tanks and heavy artillery moved into the village of Khoni in central Georgia late Saturday.

Earlier Saturday, the rebels took the port of Poti. Six people died in the fighting there.

Khoni is about 25 kilometers (16 miles) northwest of the central Georgian administrative center, Kutaisi, which remains loyal to Mr. Shevardnadze. It is also about that distance north of Samtredia, a railway junction where the lines from Poti and Georgia's southernmost port, Batumi, meet.

If the pro-Gamsakhurdia rebels move on Samtredia, they would be able to cut off Tbilisi's access to all supplies from Black Sea ports.

Georgian radio broadcast the information in a statement by Mayor Temur Shashishvili of Kutaisi, where on Friday Mr. Shevardnadze gathered district leaders loyal to him to work out ways of strengthening areas bordering Mingrelia from attack.

The Itar-Tass press agency quoted a Samtredia official as saying that Mr. Gamsakhurdia's forces might also take that town since there were not enough government troops to defend it.

The rebels control nine towns and districts in western Georgia, Tass said.

Two weeks ago, Mr. Gamsakhurdia returned from nearly two years in exile when Mr. Shevardnadze's attention was diverted to defending his country against a separate ethnic uprising in the region of Abkhazia.

Abkhazia fell to separatist forces last week. Mr. Shevardnadze has appealed to Gamsakhurdia supporters to cease all activity while refugees are being evacuated.

Taking Dim View of Russian Prospects, Western Banks Are on Guard

By Erik Ipsen
International Herald Tribune

LONDON — The battle of recent days between President Boris N. Yeltsin and the Russian parliament temporarily rolled Western financial markets, but Western bankers said they had foreseen the possibility of danger there.

"The risk there was already very high, so we did not need to change our assessment of it," said Ursula Dreythaler, an international economist with Deutsche Bank in Frankfurt.

After years of mopping up bad loans — from Latin America to their own domestic real estate markets — battle-scarred Western banks had taken such a dim view of Russian prospects that most confess there was little room to downgrade their ratings. Nonetheless, some bankers insist that Russia remains too big and too potentially lucrative a market to write off.

With impeccable timing, Dresdner Bank and Banque Nationale de Paris opened a new jointly owned bank in St. Petersburg just days before the latest political crisis. In so doing, they were following in the footsteps of Credit Lyonnais, which opened its branch there in the late summer. They insist, though, that their investment is not money mispent.

"Russia has enormous problems, but we do see long-term potential there," said a Dresdner Bank executive in Frankfurt.

Even those Western banks that have been rushing to establish themselves as Russia-based lenders have had no illusions about the difficulties they face. Citibank, the most ambitious, was planning to capitalize its new bank initially at a relatively paltry \$15 million, versus \$10 million for BNP. Dresdner. What is more, even before Sunday's violence, all the banks intended to stick to short-

term trade financings, assiduously avoiding long-term commitments.

Apart from differing assessments of the political dangers, Western bankers agree that Russia's soaring inflation rates make even medium-term lending excessively risky. The fear is that even interest rates running upward from the equivalent of 200 percent per annum today could fail to cover the lender from the risk that inflation would actually exceed that figure within a year's time. If that happened, it would turn loans with even the most princely of interest rates into loss-making vehicles for the lenders.

Bankers also admit that they see little need to commit themselves to multiyear loans when there is so much trade financing business currently going begging in a market bereft of willing lenders. Eager Western bankers point out that the value of the country's exports and imports totals roughly

\$150 billion, much of which needs some form of financing.

"There is no other place in the world where the banking system is still in its infancy and yet there are such huge trade flows," said Mijenko Horvat, who heads Citibank's operation in Moscow.

The debt debacles of the last two decades have changed the way banks look at risk. In the past, rigorous methodologies involving matrices that weighed everything from political risk to economic growth prospects were used. Having failed to predict disasters ranging from Latin America to Poland to commercial real estate in the Western capitals themselves, the banks have recently edged closer to a system of portfolio risk.

Painfully convinced of their inability to predict events, many banks are now seeking to lessen their risks by spreading them as widely as possible among countries as well as industries.

For the European Bank for Reconstruction and Development, the bank set up to bolster economic development in Eastern Europe and the former Soviet Union, the opportunities to spread risks among a wide geographic area are limited. Instead it seeks a wide spread of industries and sectors.

"Our approach to lending is to try to diversify our loan portfolio as much as possible," said Robert Harada, the head of country credit for the European Bank.

In Russia, diversification is not a lender's last refuge as much as it is his only one.

Traditionally, Russia's central planners measured such things as the number of bolts, refrigerators and cars produced but not their value, price or profit. Even if such numbers did exist, some bankers point out that since they would be expressed in rubles their usefulness would be reduced by the currency's tremendous volatility.

CLINTON: Behind Yeltsin

Continued from Page 1

and the process of bringing about free and fair elections. "This was a reference to Mr. Yeltsin's call for December elections for a new parliament.

"We cannot afford to be in the position of wavering at this moment or backing off," the president said.

Speaking before leaving California, Mr. Clinton said there was little the United States could do but watch the situation closely and protect the U.S. Embassy, which is located close to the parliament building, also called the White House. American officials have previously expressed concern that any overt U.S. actions supporting Mr. Yeltsin could be viewed as an interference in Russia's domestic affairs and might play into the hands of parliament.

Defense Secretary Les Aspin warned Sunday against drawing conclusions from the fragmentary and unconfirmed reports surfacing in Moscow. But he termed the situation very disturbing.

"The violence seems to have been instigated by Mr. Rutskoi," Mr. Aspin said, declaring that Mr. Yeltsin "has the high ground."

"We would clearly like to see this crisis resolved in favor of the forces of democracy," Mr. Aspin said, adding that he hoped it would be settled "in as peaceful a way as possible."

Mr. Clinton said that the Rutskoi forces "don't have any organized military support that we're aware of."

But Senator Sam Nunn, Democrat of Georgia, the chairman of the Armed Services Committee and a leading Russia expert in Congress, called the turn of events "tragic and scary" in that Mr. Yeltsin may be forced to play into the hands of his opponents and widen the violence.

"Yeltsin clearly is going to take decisive steps now," Mr. Nunn said in an interview. "This is what the people in the Russian White House wanted — a confrontation. It works to their advantage."

Manfred Wörner, the NATO secretary-general, said he hoped Mr. Yeltsin would be able to "control the situation quickly, within a few hours."

In a broadcast interview during a trip to the United States, Mr. Wörner termed events "tragic" and "dangerous," and he characterized Mr. Rutskoi, a former army general, as someone who can "create a lot of trouble."

He added: "The first threshold has been crossed. Violence is used. There is shooting. The second and I believe even more important threshold would be army interference, and possibly the division of the army. That would indeed lead to civil war."



Vice President Alexander V. Rutskoi, center, gave instructions on Sunday to his defense chief, Colonel General Vladislav A. Achalov, right, after his speech to followers to occupy mayor's office.

RUSSIA: Violence Erupts in Moscow as Hard-Liners Go After Key Sites

Continued from Page 1

describing his building's encirclement. But Russian television later began some pro-Yeltsin broadcasts from a secret location.

Mr. Yeltsin flew back from his country house to the Kremlin by helicopter and declared a state of emergency in Moscow. In a statement read on television moments before it was cut off, the government said it would now use "force to terminate the actions of political adventurists."

Mr. Yeltsin himself, shown on the American network CNN walking slowly through the Kremlin courtyard upon his return, did not appear on Russian television.

Yegor T. Gaidar, first deputy prime minister of the Yeltsin government, appealed via Russian television Sunday night for all Yeltsin supporters to gather in front of City Hall to "defend our future and the future of our children, and to prevent our country from once again being turned into a concentration camp."

By midnight, a crowd of 10,000 had gathered, including many young people and veterans of the war in Afghanistan. More streamed toward the Kremlin. They appeared to be unarmed, but were forming into "brigades" and constructing barricades around City Hall to prevent any attack.

The Kremlin appeared quiet, with no sign of imminent attacks. Much of Moscow outside the battle zones appeared normal, and most people knew nothing of the day's events unless they tried to drive through the city or watch television.

Highly placed defense sources reported that the armed forces minister, composed of Defense Minister Pavel Grachev and his top generals, met for several hours as the violence erupted and agreed to

throw its support to Mr. Yeltsin. Military districts across the country were contacted by the collegium and also appeared to be staying in the Yeltsin camp, the sources said.

"Order will be restored in Moscow in the shortest time possible," Mr. Yeltsin's statement said. "We have the forces necessary for this."

In preparation for a possible army attack, the hard-liners inside the parliament indicated Sunday night that they were mining the area.

Mr. Yeltsin issued an order in the evening, naming Prime Minister Viktor S. Chernomyrdin his successor in the event of the Russian leader's "incapacitation."

The day's events began with a rally of about 5,000 parliament supporters beneath a giant statue of Lenin in October Square. Lines of policemen, clearly unprepared for the size of the crowd, used tear

gas but no lethal weapons to try and keep the demonstrators in the square.

The protesters marched along Moscow's inner ring road toward parliament, piling up some strength as they marched and over-running police lines.

At the White House, as the parliament is known, Interior Ministry troops fired their guns into the air, failed to stop the advance and then quickly fell back amid confusion.

Hundreds of rounds of gunfire erupted at one point, though in the chaos it was unclear who was firing. Two policemen were killed, including one whom a Reuters photographer saw shot through the head by a sniper in the White House.

Having routed troops from the Interior Ministry's Dzerzhinsky Division, which enjoyed a reputation as the crack units of Mr. Yeltsin's police force, Mr. Rutskoi emerged onto a parliament balcony and urged his exulting supporters forward. Almost without a fight, the protesters occupied the sky-scraper next door, which belongs to the Moscow mayorality, and captured several pro-Yeltsin officials there, allegedly beating some.

Commandeering the water-cannon and troop-transport trucks that the police had used to cordon off the parliament, the parliament supporters headed toward the main

television transmitter and other positions key to controlling the nation's press. The press has generally supported Mr. Yeltsin during the crisis.

By 7 P.M., at least 2,000 demonstrators had surrounded the two main buildings of the Ostankino television center, about 13 kilometers (8 miles) from the parliament in northeast Moscow, which appeared to be guarded by only about 60 frightened police troops.

A huge roar went up from the crowd as a column of green military trucks rumbled the glass doors of the building on the left, and demonstrators began chanting: "Rats, come out! Rats, come out!" The rebels rushed into the building and set up gun positions on the second floor.

Within minutes, however, two huge explosions sounded, the ground floor erupted in fire and tracer bullets began flying from the building on the right. Then fire from grenade-launchers shattered the rebels' position, and at least 30 people caught between the two buildings fell.

Several appeared to be dead and a dozen others wounded, including demonstrators and journalists. Fierce gunfire between the two buildings kept rescue teams away from the wounded for at least 20 minutes.

The Russian Standoff, Day by Day

The Associated Press

Sept. 21 — President Boris N. Yeltsin announces that he is dissolving parliament and calls new elections for December. Hard-line lawmakers meet in emergency session at the parliament building, voting to impeach Mr. Yeltsin and appoint Vice President Alexander V. Rutskoi as president. Anti-Yeltsin demonstrators throw up barricades around the building.

Sept. 22 — The military and the police stick with Mr. Yeltsin. Downtown crowds cheer him. Lawmakers' calls for a nationwide strike go unheeded.

Sept. 23 — Gunmen who authorities say are from a rightist officers' group try to storm a military command post, killing a police officer and a civilian. Mr. Yeltsin announces early presidential elections for June, six months after parliamentary ones.

Sept. 24 — Mr. Yeltsin orders parliament's volunteer defenders disarmed after news that lawmakers distributed dozens of automatic weapons. Few guns are found, however.

Sept. 25 — Mr. Yeltsin says on television that opponents are on their "last gasp" and that he won't use violence to end the standoff.

Sept. 26 — In the biggest demonstration of popular support for Mr. Yeltsin, thousands cheer

him at a concert in Red Square, and at least 10,000 supporters march through Moscow.

Sept. 27 — Mr. Yeltsin rejects proposals for simultaneous presidential and parliamentary elections, calling any compromise "doubly dangerous."

Sept. 28 — Hard-line protesters clash with riot policemen. An officer is pushed in front of a car and killed.

Sept. 29 — Mr. Yeltsin gives lawmakers until Monday to leave parliament or face "serious consequences." Hard-liners indicate a willingness to negotiate.

Sept. 30 — Both sides agree to talks mediated by the Russian Orthodox Church.

Oct. 1 — The talks end inconclusively, and lawmakers reject a proposal to surrender their arms in return for the lifting of the blockade on parliament.

Oct. 2 — Hundreds of hard-liners fight the police in central Moscow, hurling stones and setting up burning barricades, in the largest clash of the crisis to date.

Oct. 3 — About 10,000 pro-parliament demonstrators overwhelm the police, lifting the siege of the parliament building and seizing key government facilities in fierce street fighting. Mr. Yeltsin declares a state of emergency in Moscow.

U.S. Embassy Staff Avoids the Windows

The Associated Press

MOSCOW — American diplomats, whose embassy has a front-row view of the Russian parliament building, stayed away from windows Sunday night and watched the drama unfold on closed-circuit TV monitors, a spokesman said.

"We are open, everybody seems to be all right, but we are monitoring the situation," said a spokesman who spoke on condition of anonymity. "We are advising Americans to stay off the streets."

At one point on Sunday, several hundred hard-line demonstrators walked past the embassy and chanted, "Yankov go home."

But so far, there have been no assaults on the embassy or the nearby new embassy compound, the spokesman said. There also were no reports of stray bullets hitting the facility. The Russian parliament building is located across the street from the new embassy compound.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Foreign Policy in Doubt

What is the Clinton administration really trying to tell the American people about its foreign policy intentions? First, a series of high-profile speeches dutifully affirms the importance of continued U.S. leadership and international engagement...

force, and when should it limit itself to diplomatic and economic pressures? To what extent should it accept the constraints of United Nations or NATO joint decision-making...

Time to Focus on American Self-Interest

By Christopher Layne and Benjamin C. Schwarz

LOS ANGELES — Bill Clinton's United Nations speech last Monday capped a week in which the administration, with the Balkan crisis looming in the background, set forth a contradictory vision of post-Cold War foreign policy.

those historically turbulent regions from relapsing into pre-Cold War patterns.

What would happen if the United States abandoned its world order strategy and if instability resulted? The foreign policy community says that American workers would lose their jobs...

It is time for America's Cold War alliances to go out of business.

ment believes that U.S. national security — defined as preserving world order and security structures, like NATO, deemed necessary for its attainment — is at stake in the Balkans.

Notwithstanding administration waffling, the logic of Washington's world order ambitions may well lead to U.S. and NATO involvement in the Balkans. If world order is the goal, national security is by definition at stake in that conflict.

There is nothing new about the enlargement doctrine's equation of security with global stability and the worldwide spread of free markets and democracy. Since 1948, relentless pursuit of world order has been the hallmark of U.S. grand strategy.

The belief that India was vital to British prosperity led London to undertake military commitments in the Mediterranean, Africa and elsewhere. Today, Western Europe and East Asia have become America's India, which must be defended in the Balkans, Eastern Europe, the former Soviet Union and the Gulf.

Instead of subscribing to the classical liberal view that free trade creates a harmony of interests among states, the foreign policy community looks to U.S. military power to impose harmony so that free trade can take place.

It is time for America's Cold War alliances to go out of business. They cannot accomplish their post-Cold War mission of preventing Germany, Japan and other states from emerging as great powers.

national autonomy and avoiding the risk of war are more important values.

Any meaningful strategic rethinking must weigh the real costs of interdependence, including these considerations: the harm to the United States if access to certain overseas markets is disrupted...

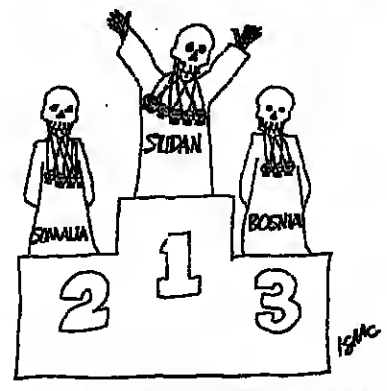
The benefits of interdependence must be offset against the costs of maintaining military forces dedicated to pacifying Europe and East Asia — and the potential costs of U.S. security commitments if war occurs.

It is also necessary to consider the costs of investing resources in the military instead of freeing them for economic and social purposes. Mainstream foreign policy thinking is based on the false assumption that America can remain the only superpower...

But not even the United States can transcend these things. Serious national strategies must face rather than deny reality.

This is why the foreign policy community has failed to articulate a meaningful post-Cold War grand strategic concept.

Mr. Layne is a lawyer and foreign policy analyst in Los Angeles. Mr. Schwarz is a foreign policy analyst at the Rand Corporation in Santa Monica. This comment was adapted by The New York Times from an article in the current issue of Foreign Policy.



By ISAAC in Bulletin Today (Monthly, C&W Syndicate)

What Do Bosnians Want?

The decision by Bosnia's Muslim-led government to reject the current international peace plan means first of all that the war may go on. This is grimly accepted by those who feel that only by further fighting can Bosnia gain enough extra territory to give at least a hint of viability and honor to a shrunken and battered Muslim entity.

tions' refugee chief in Bosnia says the Bosnian parliament's rejection of the peace plan leaves an estimated 2.7 million needy Bosnians "looking into the jaws of a major disaster."

Where is Bosnia going to get the arms it desperately needs if it is to do more than stay in a defensive crouch against a renewed well-armed Serbian or Croatian assault? Neither Serbs nor Croats can be expected to allow Muslims to bring arms to their landlocked areas.

Where, as well, is Bosnia going to get the food and medicine just to survive in conditions of renewed combat? The United Na-

Development Involves Extracting a Clear Picture

By John Williams

NEW YORK — In a report issued recently in London, the United Nations Children's Fund takes an imaginative new look at the problems of social development.

Thus, much of the allegedly precise data on which social development progress rests simply do not exist. Projections are often based on fragmentary and outdated surveys, at times even extrapolated from data in neighboring countries.

Some of the problems aggravated by the lack of statistics. Asked to consider child malnutrition in the Third World, many people would think of a skeletal and unclean African child. But, as the report points out, most malnutrition is invisible.

age, African and Asian women work 15 hours a week more than men. Women around the world most of the Third World's family food supplies. The number of women with outside jobs contributing cash to their families has risen steeply. Yet most countries, when compiling statistics, exclude the majority of women's work.

Arabs Should Do More

After a rousing sermon, the astute preacher passes the plate. So, after the historic Rabin-Arafat handshake, the Clinton administration on Friday raised more than \$2 billion in pledges of international aid for Palestinians, including an unexpected \$100 million offer from Saudi Arabia.

\$150 million in several years. The U.S. pledge of \$500 million in five years was achieved by juggling grants and loans, shuffling programs and assuming that Congress will concur. Yet close legislative scrutiny is needed.

Israel long ago learned to work around the boycott; it has nurtured a high-tech economy with a vibrant growth rate. Fortified by Russian immigrants, the Israeli work force has an excess of doctors and engineers in a region where such skills are sorely needed.

In a glowing moment, an elected government of Israel has offered a \$75 million down payment to help a Palestinian people whose very existence was once denied by Israeli leaders. When will other Gulf states follow the Saudi lead in offering aid? And when will all Arab states end a pointless and self-punishing boycott?

Other Comment

Build With Quakes in Mind

Shifting tectonic plates cause the earth to shake, but humanity through its works makes the catastrophe. Eastern Maharashtra is prosperous; the houses have stone walls and iron or concrete roofs. These proved to be death traps. To honor the victims, something should be learned from this, primarily by the vernacular architects of India and other poor countries.

Hong Kong: Hear the Clock Ticking

By Michael Yahuda

LONDON — Time is fast running out for Hong Kong. At a meeting in New York on Friday, Qian Qichen, China's foreign minister, and Douglas Hurd, his British counterpart, were unable to narrow what the latter called the "considerable gap" between them.

Hence it is difficult to see what possible Chinese interests could be served by risking the destruction of Hong Kong. More broadly, such an outcome would undermine any remaining prospects that Beijing may have of persuading the people of Taiwan of the benefits of reunification under the framework of the "one country, two systems" that is being offered Hong Kong.

What Chinese interest is served by risking the collapse of Hong Kong?

China has threatened to annul any such elections when it resumes sovereignty over Hong Kong in 1997. It has also threatened to take over the territory earlier should it decide that "chaos" has arisen.

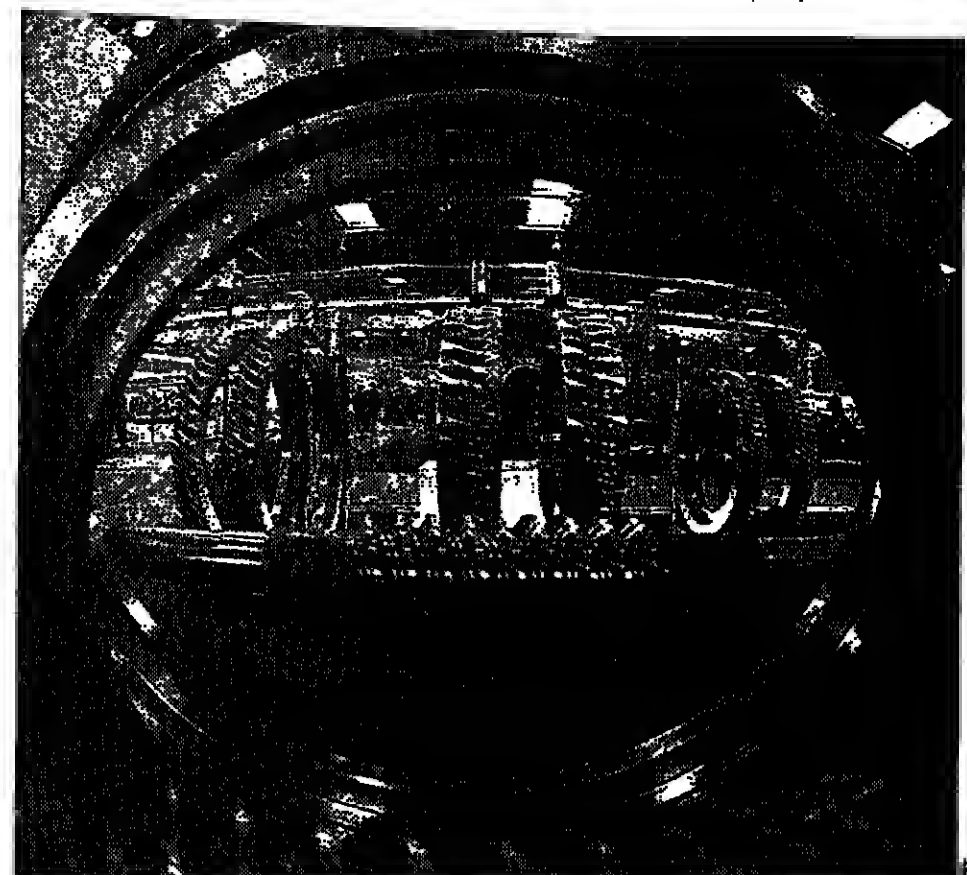
It is a fine calculation whether Britain's interests would be damaged more by a breakdown with China over Hong Kong or by lessening its prestige at home and abroad by surrendering to Beijing's demands. In any event, Governor Patten has all-around support within the Conservative Party and from the Labor and Liberal Democratic parties in London.

International Herald Tribune contact information including Katharine Graham, Arthur Ochs Sulzberger, Richard McClean, and other staff members.

Alternatively, the council could succeed in passing sectoral laws. They would be binding on Britain even if considerably different from the Patten proposals. But the council would have demonstrated courage and independence. For the first time, Hong Kong people through their representatives would have decided on their future political development.

Historical snippets: 1893: Yotties on Strand; 1943: Haiphong Bombed; 1918: A Crowning Move. Includes a cartoon at the bottom right.

GERMANY LOWER SAXONY



Close-up on technology of the Hannover Trade Fair.

WIDE-OPEN SPACES ARE A MAGNET FOR BUSINESS

Whether Lower Saxony is described as "rural, remote and centrally located" or "heavily industrial, the major annual stop on all corporate itineraries and centrally located," both definitions of this north German state turn out to be equally correct.

As any traveler passing through Lower Saxony soon notices, this north German state is exurban.

A forward base for reconstruction

Eighty percent of its 7.55 million inhabitants live in towns or on farms scattered across its 47,569 square kilometers. While the state is Germany's leading manufacturer of automobiles, tires and various other automotive and capital-goods products, its factories are generally low-rise buildings placed inconspicuously in fields or green industrial parks.

This impression of

ample, open space is reinforced at the state's leading tourist destinations. Lower Saxony manages to accommodate 70 million visitors a year without the overcrowding of other popular resorts. The exception is, of course, Hannover at trade fair time - most of the year. Last year's 60 events, staged by Deutsche Messe AG, the city's trade-fair authority, attracted 2.4 million businesspeople, more than any other trade-fair site.

The business advantages of the state's central location were capitalized upon relatively late in Western Germany's economic miracle, only after the metropolises on the country's outer

rim had grown saturated and crowded. There followed a move toward the country's affordable "inner expanses" and its large pool of highly qualified labor and available commercial property.

External investors joined a "locomotive company" in putting the state's economy on the fast track. A majority of Volkswagen AG's output - the company's turnover has increased 15-fold over the last 30 years - has been both generated in and plowed back into the state.

The result was a 15-year climb by Lower Saxony to the top echelons of West German business locations. During that period, the state's portion of West German totals for investment secured and for jobs created registered steady increases, as did its relative rates of economic and productivity growth.

Germany's postunification boom, in which Lower Saxony went from a pivot for modest flows of east-west transit traffic to a staging ground for an unparalleled transfer of material, personnel and funds to Eastern Germany. At the same time, Lower Saxony profited directly from rapidly increasing East German consumer and corporate consumption.

This position as a forward base for the reconstruction of Eastern Germany has stood Lower Saxony and its companies in good stead during the difficult period of recession. Saxony Anhalt, to the east, registered Germany's best rates of economic growth in 1992, cushioning Lower Saxony - and especially its construction and skilled-trade sector - from the worst effects of the slump.

Now, with its first quarter of tenuous growth under its

belt and the country's early indicators pointing toward recovery, the German business community is looking beyond months of cutbacks and short hours to the post-recession "lean-everything era," as one economics weekly recently termed it.

"Lean management," "lean production" and "lean supply" all refer to the same

Well-situated for the lean new businesses

thing: operations trimmed of unnecessary costs and delays, a business approach that works very much in Lower Saxony's favor.

"I have never seen the markets so cost- and time-sensitive as they are today," says Peter Fischer, the state's minister for economics, technology and transport. Of the advantages of the state. "That's where I see Lower Saxony's emerging opportunities."

THE PRIME MINISTER CHARTS LOWER SAXONY'S COURSE

Gerhard Schröder has been prime minister of Lower Saxony since June 1990. Born in 1944, Mr. Schröder earned a degree in jurisprudence. He was elected to the Bundestag, Germany's federal parliament, in 1980.

Your state has been at the front line of change in Germany and in Europe. What trends do you see shaping Lower Saxony over the next few years?

Some of the trends we notice in the state are definitely not local in nature. Economic change in Eastern Germany has set off a wave of migration to the West. Lower Saxony's population has experienced a net gain of 100,000 over the last three years alone. This migration now looks as if it could be starting to taper off. The key proviso is that growth in Eastern Germany remain on course. That, like so many other

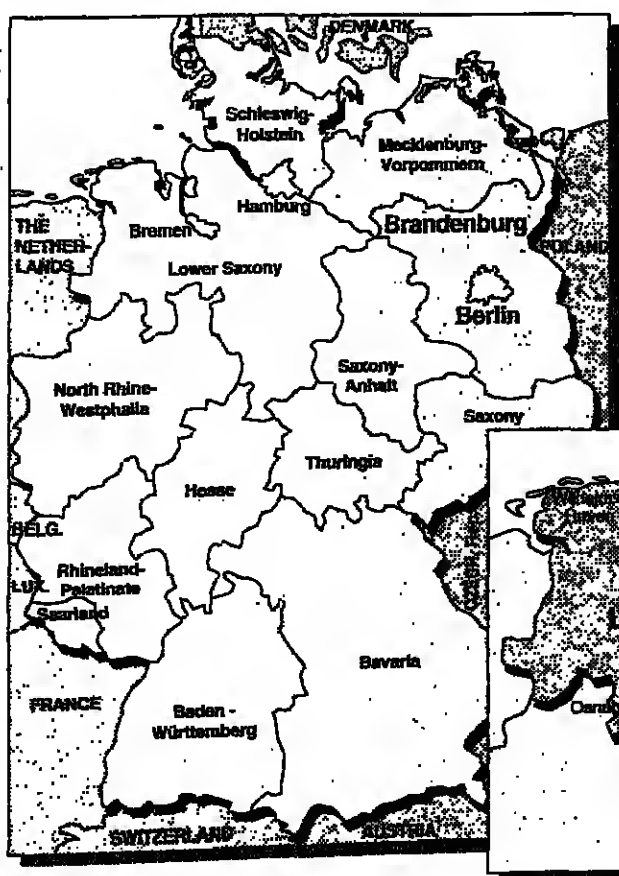
things, is dependent on a speedy recovery from the worldwide recession. Other trends are very long-term in nature, so the recession has had little or no effect on them. Lower Saxony's service sector - particularly in the areas of financial and intelligent services - has been growing steadily, as have our environmental engineering companies. Impetus for this area has come from within the state, from Lower Saxony's many major manufacturers. Virtually all new production facilities now being set up in the state are environmentally friendly, and in fact this has been the case

for a good number of years.

For all intents and purposes, Lower Saxony, Bremen and Hamburg form one economic unit. What moves are there toward closer institutional ties on local and state-wide levels?

It's a problem we in north Germany have been facing for some time: political barriers separate two of our region's key cities - Bremen and Hamburg - from their greater metropolitan areas, which are located in Lower Saxony. This has caused disjunctions and an unnecessary duplication of administrative resources. At the same time, counterbalancing this, on the social, economic and infrastructural levels, links among the parts of the region have been growing stronger and deeper. To overcome this problem, governments in north Germany - Lower Saxony, Bremen and Hamburg - are currently working on giving these links institutional forms, on setting up joint economic promotion campaigns, transport planning

Continued on page 8



THE STATE OF LOWER SAXONY

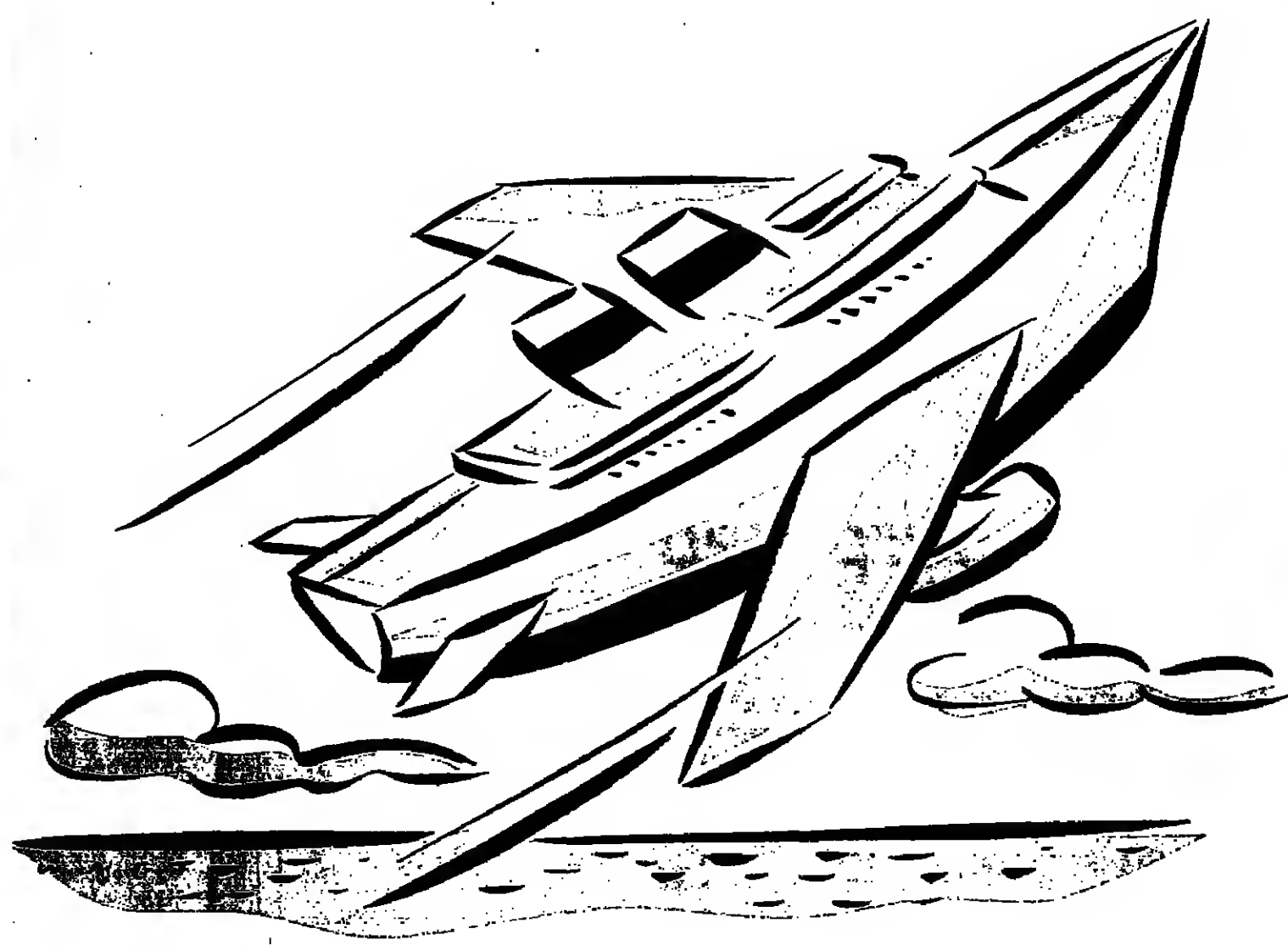
Area: 47,569 square kilometers
Population: 7,550,000 (1992 estimate)
Major cities: Hannover (state capital): 517,000
Braunschweig: 259,000
Osnabrück: 165,000
Oldenburg: 145,000
Wolfsburg: 129,000
Prime Minister: Gerhard Schröder
Useful Addresses:
Investment Promotion Agency
Hamburger Allee 4
D-30161 Hannover
Tel: (49 511) 34 3466
Fax: (49 511) 361 5909
Deutsche Messe AG
Hannover Trade Fair

Messagelände
D-30521 Hannover
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ADVERTISING SECTION

FIRST A STATE, THEN A REGION

When German reunification reopened the state's eastern border in October 1990, Lower Saxony went from relative isolation to sudden interdependency.

In regaining its traditional hinterland - the states of Saxony Anhalt and Mecklenburg-West Pomerania - Lower Saxony also regained a stake in their prospects. The western portions of these states quickly became part of Lower Saxony's economic catchment area, which also includes the city-states of Bremen and Hamburg.

This interrelationship can be witnessed any weekday along Lower Saxony's 550 kilometers of border with Saxony Anhalt and Mecklenburg-West Pomerania. Every morning, 100,000 work-

ers commute from their homes in the East to jobs in Lower Saxony. One-third of these are in fact West Germans. Many are employed at Volkswagen, whose headquarters are in Wolfsburg, a few kilometers into Lower Saxony. One reason for their move east: "Highly affordable houses," according to a VW spokesperson.

The government of Lower Saxony has given this interrelation an institutional framework. Some 1,600 Lower Saxon officials now help Saxony Anhalt collect its taxes and operate its administrative, social security and criminal justice systems. According to official figures, Lower Saxony has done more in this area than any other German state. In the opinion of Hinrich Swietler, Lower Saxony's minister of finance, this is all a matter of enlight-

ened self-interest. "The better Saxony Anhalt's tax authorities work and the quicker the state's tax system is made functional, the sooner our partner state will no longer be dependent upon financial help from the Western states," he explains. "This will be of obvious benefit to our state."

This interrelationship also has another institutional dimension. All three states now share a single "Hausbank" - Norddeutsche Landesbank Girozentrale. Nord/LB, as it is known, has served as the state of Lower Saxony's house bank and as the coordinating credit institution for the state's savings banks for more than four decades. In February 1992, Nord/LB assumed the same functions for the state of Saxony Anhalt, with Mecklenburg-West Pomerania following 10 months later.

A RICH SOURCE OF PRODUCE, STOCK AND EXPERTISE

Collectively, Lower Saxony's farms do their fair share toward feeding and "greening" both Germany and Europe. Individually, these establishments cover a wide range of agricultural specialties.

Ornamental plants and fruit trees are some of the heavyweights in German's export sector. Unlike automobiles, printing presses and turkeys

Prime products are grains and fodder

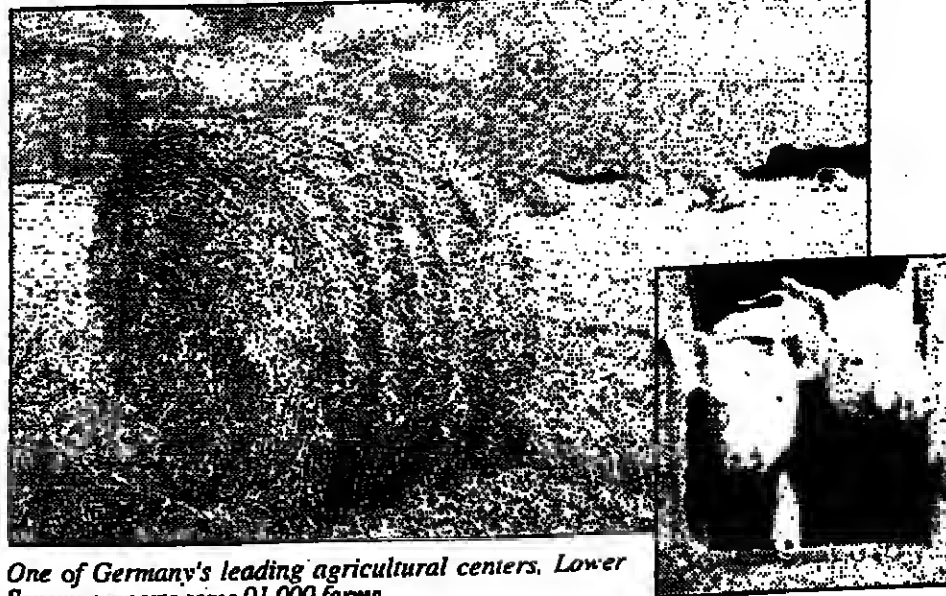
chemical plants, they are not produced on the factory floor; these azaleas, rhododendrons and apple trees are cultivated in the fertile soil of the Weser-Ems district and other regions in the state of Lower Saxony.

Germany is the world's fourth-largest exporter of agricultural products. Lower Saxony, nine-tenths rural and the country's second-largest state, is one of

Germany's leading agricultural centers. In addition to supplying the world's gardens and orchards, the state's 91,000 farms are also busy feeding the Germans, generating a third of the country's potatoes and eggs, one-fifth of its milk and half of its poultry.

These figures evoke images of Lower Saxony's swine and vegetable belts, areas of massive animal husbandry and year-round vegetable-growing facilities sprawling across the Osnabrück, Bentheim and Vechta districts. The state's agricultural enterprises are often small - their average size is just under 30 hectares (75 acres) - and highly individualistic in what they grow and how they grow it. The state cow has 1,000 farms run on an organic basis, an increase of nearly 400 percent over the past four years.

Most of these agricultural enterprises are located in settings as alluring as the products they yield. Every May, in pilgrimages similar to those made to Washington and Kyoto,



One of Germany's leading agricultural centers. Lower Saxony supports some 91,000 farms.

Hamburg's residents travel a few kilometers westward into Lower Saxony's Altes Land district to see the spring blossoming. The Altes Land is reportedly Europe's largest contiguous fruit-growing area; its orchards produce 36 percent of the country's fruit.

Many of the towns along Lower Saxony's 700 kilometers of coastline are among Germany's leading tourist attractions. But for the hundreds of thousands of tourists visiting such ports and spas as Bensenel, Cuxhaven and Norddeich, it may not be evident how hardworking the seas and the land before them are.

Seafood represents a billion-Deutsche-mark-a-year (\$619-million-a-year) industry for the fisheries and processing facilities of

the state's northern region. The land behind the coastal dikes and lighthouses is some of the most fertile in Lower Saxony. Prime products are grains and fodder.

While the northern end of the state is flat and open, Lower Saxony's southern third is hilly and forested. The Harz, Weserbergland and Lienebergland mountains are popular vacation spots. They are also the home of Lower Saxony's forests, which cover over one million hectares and produce 4 million cubic meters of wood a year.

Much of the rest of the Lower Saxon landscape consists of villages of red-brick houses interspersed with vividly colored flowers and shrubs. The state has quite a few of both. At any given time, its 1,800 nurseries are growing 60

million shrubs, 1.7 million fruit trees and 1.4 million azaleas. These bring in 1.5 billion DM a year for the state's nurseries, one-third of Lower Saxony's nonanimal agricultural proceeds. State residents and companies earn another 1 billion DM a year in advising non-state growers on the care and cultivation of these plants.

"I'm currently in contact with the U.S., Belgium and Denmark," says Erwin Welker, a consultant to a group producing 100 million azaleas a year throughout Europe. Mr. Welker is based in Stuckenborstel, in central Lower Saxony. "They all want information on anything that will help them grow an azalea-lover's Holy Grail: a true-breeding species with yellow blossoms."

THE PRIME MINISTER CHARTS A COURSE

Continued from page 7

and harbor management agencies, environmental protection districts and regional coordinating bodies.

Your government has been a major participant in the reconstruction of Eastern Germany. What kinds of measures is Lower Saxony currently undertaking in Germany's "new states"?

We're providing people, expertise and money. For instance, in the past few years, we've "loaned" well over a thousand state officials and technical staff members to Saxony Anhalt, our neighbor to the east. This program is being continued, as are the various training programs held in Lower Saxony for East German local and state officials. One special emphasis of ours this year has been the building up of Eastern Germany's municipal governments. Our assistance can also be expressed in marks and pennings. Through the rerouting of funds, Lower Saxony has contributed 4 billion Deutsche marks [\$2.5 billion] to



Gerhard Schröder, prime minister of Lower Saxony.

the reconstruction of the East this year. That's equal to one-tenth of our entire state budget. A large portion of these funds has gone to Saxony Anhalt. Of course, our state's private sector has been highly active in the new states as well, investing in hundreds of enterprises in Eastern Germany.

Your state has experienced a highly

visible burst of growth over the past decade and a half, with new business sectors and regions taking shape. When you look around the state, what changes do you see now occurring on Lower Saxony's economic map?

The big change in our economic map has been on its borders. The advent of the EC's single market and of German unification has further opened our borders to the Dutch in the west and to Saxony Anhalt and Mecklenburg-West Pomerania in the east. This opening has produced another increase in our "all-way" traffic. By traffic, I don't just mean the flows of people and goods making their way down our centrally located roads and railways and waterways. I mean the traffic in ideas, technologies and plans. Because Lower Saxony is diverse - we produce everything from eggs and compact discs to ASIC chips and automobiles, and all of those in great quantities - very few of these new developments and projects pass the state by. This diversity has been a key factor powering our growth.

THE (TRADE) FAIR CITY OF HANNOVER

In an era of ever-larger, ever-more international trade fairs, Hannover's four decades of experience is standing it in good stead.

It's pretty quiet in Hannover, considering that the city's population has more than doubled in the last 24 hours. The only signs that the city has temporarily gained well over half a million residents is the incessant whirring of helicopter taxis taking company chairmen and visiting political dignitaries from the airport to the fairgrounds, and the ripples of "business English" spreading through the downtown area.

To the rest of the world, it may well be "CeBIT time," a chance to follow the doings of the world's largest trade fair. To Hannover's 511,000 full-time residents, it is just the busiest of 16 "rush days" a year, another occasion to go into their well-practiced, crowd-minimizing "fair drill," as Klaus Goehrmann, chairman of the executive board of Deutsche Messe AG, the city's trade fair authority, calls it.

According to Mr. Goehrmann, this drill involves a judicious mixture of peaceful coexistence and old-fashioned hospitality. "Before each of our 16 major trade fairs opens, everybody in town gets their downtown errands done and spruces up their guest rooms. Quite a few trade-fair visitors are put up in our homes and apartments. During the fair, residents steer away from our four- and five-star restaurants and the central city."

If it all works so efficiently, one reason is that the Hannoverians have been doing it for so long. The city has been holding major trade fairs since 1947. Since the beginning, Deutsche Messe AG, the city's trade-fair authority, has been the world's leader in terms of total turnover, number of employees and total exhibition space.

Even if it is relatively quiet on Hannover's streets and squares, it is

hectic on the fairground's "trading floors." With good reason: CeBIT 1993 is, typically, booked up. By the time the mid-March fair is over, some 660,000 visitors will have jostled and oavigated their ways to appointments at 5,604 stands. The bustle extends to the trade fair's 14 meeting rooms and auditoriums. Each of CeBIT's eight days features at least one major congress and some 40 promotional and informational events.

The proliferation of "non-floor" events, up 9 percent since 1992, is an important manifestation of the trade-fair authority's market-service philosophy, according to Mr. Goehrmann.

"Nowadays, anybody can exhibit the latest machines and boxes, the 'hardware,'" he says. "What the market is looking for, what we have to offer and what makes the trip to Hannover worth a businessman's time and expense, is our 'software' and our 'brainware.'"

By "software," Mr. Goehrmann explains, he is referring to Deutsche Messe's ability to organize several thousand exhibitors into comprehensible units and a single whole. CeBIT, for example, would presumably be an unmanageable, oversized bazaar were it not organized into such sub-fairs as Electronic Banking, Mobile Communication Systems and Data Transfer Networks.

"An executive leaves Hannover with a thorough knowledge of the latest products," he says. "He also knows where the markets and technologies are going, what the state of his business is. Assembling a roster of events imparting that overview requires the expertise I call 'brainware.'"

For the 55-year-old Mr. Goehrmann, who has headed Deutsche Messe AG for nine years, a vital part of his job is keeping a close eye on where his own market is headed. Nearly all of Deutsche Messe AG's leading competitors are sitting on its doorstep. According to a recent report in Munich's authoritative Süddeutsche Zeitung, 100 of the world's

150 major trade fairs are held in Germany, with many of the rest availing themselves of the country's organizational services. It is precisely these services that the country's trade-fair authorities, which have founded domestic and international subsidiaries, are vying to provide. Domestic subsidiaries stage local and specialist events for third-party authorities or on their own account. International arms take successful

home-ground fairs and tailor them to meet the needs of other countries. Deutsche Messe's locally based subsidiary, Fachausstellung Heckenmann GmbH, staged 12 trade fairs and congresses in 1992, three-quarters of them in Hannover.

"Southeast Asia is, of course, one of our most promising international markets," says Mr. Goehrmann, "along with such rapidly developing countries as Turkey and Mexico and such awakening giants as Russia." It is therefore not surprising that Hannover Messe International GmbH's 1993 fairs feature such locations as Beijing (two events), Saigon, Monterey and Moscow. Nor, considering the authority's command of the capital goods field, is it startling that the fairs focus on metal-processing machinery, machine tools and communication and propulsion technologies.



Klaus Goehrmann, chairman of the executive board of Deutsche Messe AG.

A KEY TO INVESTMENT: ACCESSIBILITY

During the last few years, Lower Saxony has displayed healthy rates of economic, job and population growth. Driving these gains has been a surge in business growth, with companies taking advantage of the wide access and low costs offered by the state.

Germany's four largest metropolitan areas either adjoin Lower Saxony or are within easy reach of the state. Within a 250-kilometer (155-mile) radius of Hannover are the Rhine-Ruhr region, greater Berlin, greater Hamburg and the Rhine-Main region as well as three of Germany's four largest airports and 62 of the country's leading ports, including Wilhelmshaven, the country's only deep-sea port, and Hamburg, the Continent's second-largest.

More important, this central location translates into short transport times because the highways from such Lower Saxon industrial centers as Braunschweig, Hannover, Salzgitter and Wolfsburg largely run through this relatively thinly populated state and avoid interurban bottlenecks.

Naturally, site planners pay close attention to labor and real-estate costs. According to the state's Investment Promotion Agency, labor costs in Lower Saxony are 7 percent lower than the German national average. Commercial and residential property range 20 percent to 60 percent below country-wide means.

These advantages have not escaped a wide range of local and non-German corporate executives - with a quantifiable, collective impact.

In 1992, Lower Saxony recorded a 2.4 percent rate of economic growth, second among Western Germany's states. According to Peter Fischer, Lower Saxony's minister for economic affairs, technology and transport, the number of people employed in the state increased by 3.8 percent during the year. During a three-year period, 230,000 jobs were created in the state.

These increases were accompanied by a massive rise in investment in capital goods and structures. For instance, in 1991, non-German investors allocated nearly 10 billion Deutsche marks (\$6.25 billion) to the state. Over the last 15 years, Lower Saxony's share of total outside investment in Germany has risen 250 percent. Investment on this scale has caused a corresponding jump in overall productivity. In 1992, matching the figures for total industrial output, productivity in the state's industrial sector rose 3.8 percent, while the overall German average was declining 1.4 percent.

While this year's figures will be decidedly less rosy - Lower Saxony, like most other parts of Germany, is just starting to come out of a recession - the figures do document a highly visible trend. Corroboration is provided by a recent study of 267 business centers in Europe. Conducted by an independent research institute, the survey ranked Hannover as the second most attractive place in which to do business in Europe. The city finished first among Germany's cities, with Braunschweig placing third.

Further evidence is offered by Lower Saxony's clutch of so-called "new largests," which are active in infrastructure-intensive and cost-sensitive fields, meaning that their operations are dependent on the quality of the transport and telecommunication systems at hand, and that costs play the dominant role in the selection of production sites. Examples of these "new largests" are Otto Versand, now the world's largest mail-order company, and TUI, Europe's largest travel company.

Lower Saxony's breadth of high-speed, high-volume means of transportation is another advantage. The state has track - more than anywhere else in Germany - plus hourly connections on all routes. It boasts a modern, uncongested airport in Hannover, with more than 3 million arrivals and departures a year, and an extensive grid of waterways.

Germany's best business location



has Germany's best environment.



Surprised?

Wirtschaftswache, Germany's authoritative business weekly, recently conducted a survey of Europe's 267 leading business centres, from Reykjavik to Athens. Survey criteria: growth rates, level of workforce training and qualifications, quality of transport, operating costs and standards of living. Results: Hannover placed 2nd in Europe, 1st in Germany.

Stern magazine recently assessed the quality of Germany's environment. Criteria: levels of

pollution, number of toxic waste sites and of nature preserves, attitudes towards conservation. Covered: 543 districts. Findings: 8 of the top ten were in Niedersachsen, including numbers 1 through 4.

For a future survey on the quality of life, some possible criteria: cuisine, culture and consciousness. Hannover has the "most promising cook of the year '93" (Gault Millau), the most theatre seats and the country's best-known museum of modern art.

Niedersachsen is spacious, with room to move, live and act.

Conduct your own survey of what Niedersachsen has to offer your business. Whatever the criteria, the findings are always the same: Niedersachsen is the place where business and the environment are linked by a common, highly promising future. Remember: Our Land had the highest rate of growth in Germany during the last two years.

Which doesn't surprise us at all.



سكنا من الامم

010

MARSHES, MOORS AND MOUNTAINS

Tourism in Lower Saxony is a large, and largely informal, affair. Because most visitors stay in such private lodgings as "working farms" the state has traditionally — and mistakenly — been relegated to the also-rans among Germany's vacation areas.

An exhaustive official survey made in Lower Saxony at the end of 1992 came up with a surprising discovery: A poll of the state's tourist

The Harz range is a main attraction

facilities — not just the hotels — gave the number of overnight stays at 70 million, placing Lower Saxony



Off the north coast lie seven main "ocean-going" islands.

near the top of Germany's total state tourist rankings. Nature and art are the state's prime attractions. While the Harz mountains and the surrounding forest belt have retained their role as one of Germany's leading tourist centers, attracting 6.3 million people in 1992, an increasing number of visitors are coming to Lower Saxony for its wide variety of "waterscapes."

The farther north one goes in Lower Saxony, the more water predominates. On the northern side of the Steinbuder Meer — the state's central, inland sea — water is first an occasional visitor, then a continuing presence. First the land turns wet. Marshes and moors appear. They include the trackless, brooding Teufelsmoor, which stretches out over 30 square kilometers (12 square miles). Then the open land gives way to a "canalscape," in which dikes and canals divide the countryside into agricultural and residential plots.

Finally, heralded by a succession of massive, storm-resistant "winter dikes," the coastline emerges. Unlike the Dutch, their fellow land-creators to the southwest, the East Frisians do not face the open sea. Their coastal waters are, depending upon the tides and time of year, often mud flats, shoals and sandbanks. This Wattenmeer — "mud-flat sea" — stretches over 600 square kilometers. Two-thirds of it lies in Lower Saxony's Wattenmeer national park, the country's largest.

The Wattenmeer is pierced by a number of channels. These connect such major ports as Wilhelmshaven and Cuxhaven with the open sea. They are also the avenues for ferries linking the mainland with Lower Saxony's seven main "ocean-going" islands, 20 to 50 kilometers away.

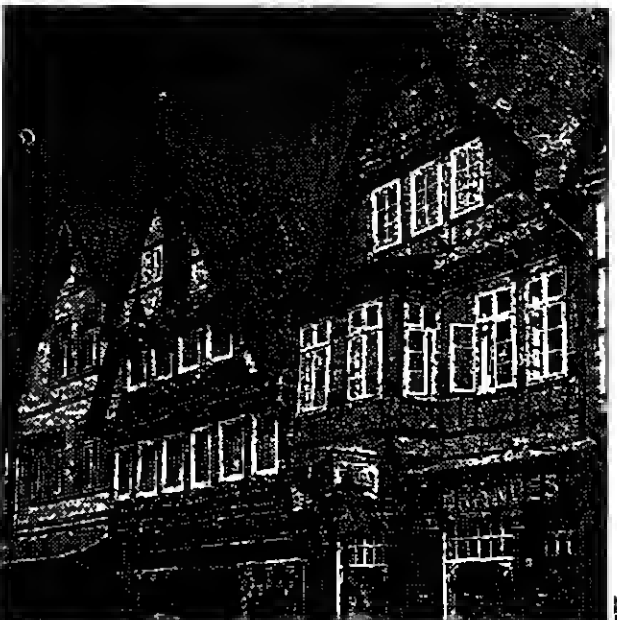
Going west to east, Bodum is the largest of the islands, at 36 square kilometers, and has three impressive lighthouses.



Tourists target this state to the tune of 70 million overnight stays a year.

Just as horse-drawn coaches instead of cars. Norderney was the first of the islands to become a resort and was a longtime favorite of progressive artists and conservative politicians. Baltrum is the smallest and allegedly the quietest of all the islands; it was also the last to find its way onto the beaten path. Among its first guests: Paul Klee and family.

Langeoog does not permit cars on the island either. Because it has some small woods, Spiekeroog is known as the "green island." Located at the very east of the chain, Wangerooge is generally considered the most lively of the islands. For that reason, its summer population tends to be predominantly young and fun-loving.



Half-timbered houses in Celle, northeast of Hannover on the Aller River.

INDIVIDUALISTIC ARTISTS, VISIONARY COLLECTORS

Art in Lower Saxony, a land without dogmatic artistic schools, has always been an individualistic affair. So has the building of striking collections of artwork and literature.

Duke August the Younger of Wolfenbittel (ruled 1636-1665) apparently found the pursuit of knowledge more interesting than territorial aggrandizement and other pastimes favored by 17th-century German rulers.

Rilke, among others, found inspiration here

Instead of fiefdoms, he collected books. Of the 55 principalities in what was to become Lower Saxony, his duchy was one of the more obscure.

August built the collection of his grandfather, the founder and planner of the Renaissance city of Wolfenbittel, into a library of some 150,000 folios — an invaluable documentation of a millennium of European intellectual, artistic and daily life. Not content to merely supervise his troop of book-purchasing agents, August also served as one of the first librarians, writing 4,800 pages of the library's 7,200-page catalogue. One of his successors was Gotthold Ephraim Lessing (1729-81), one of Germany's leading playwrights. A prominent visitor was Casanova, who described his time spent in the library as "among the most pleasant hours of my life."

Now open to the general public, the Bibliotheca Augusta now contains over half a million volumes and attracts tens of thousands of tourists every year. Since 1983, the library has housed the 12th-century "Gospels" of Henry the Lion.

Purchased for 32.5 million Deutsche marks (\$20 million), it is the most expensive book in the world.

According to Merian magazine, the German travel and culture specialist, the sellers may well have been descendants of August's generation — the Guelphs, led by such potentates as Henry the Lion, this dynasty ruled much of Germany and often Europe from their base in Hannover for over a thousand years. Besides the richly illustrated Gospels, and from "English" Georges (Kings George III through IV of Great Britain), the Guelphs also bequeathed a rich legacy of art, d'art, paintings and medieval trappings to the world. Much of this can be seen in Lower Saxony's museums.

One of August's younger contemporaries was Duke Anton Ulrich of Braunschweig (1683-1714), whose duchy bordered on Wolfenbittel to the north. Anton Ulrich's passion was collecting paintings, and he picked an excellent time and place in which to do it: Holland and Flanders in the second part of the 17th century. His collection includes important works by Rembrandt, Vermeer and Rubens, as well as some by such Italian masters as Veronese and Tintoretto. It now forms the basis for the 250-year-old Herzog Anton Ulrich Museum.

Germany's oldest museum and still one of the most important in Europe. Lower Saxony's tradition of individualistic art

collecting has flourished into the 20th century. Hannover's Sprengel Museum, one of Europe's most comprehensive displays of modern art, dates back to 1969, when Bernhard Sprengel donated his mammoth personal collection of modern art to the city of Hannover and provided funds for the building. Henri Nannen, long-time editor in chief of Stern magazine, founded a modern art museum in his native town of Bielefeld in north-west Lower Saxony.

The golden age of art making came to Lower Saxony a century and a half after the state's first great collections had been established. When it arrived, the state's artists, characteristically enough, rejected the conventions of the time. Instead of flocking en masse to Paris and its various competing movements, they headed out, in small groups, to the Lower Saxon countryside, setting up shop in its moorland villages, mountain-side cottages and windswept farmsteads. The best-known of these colonies is Worpswede, founded in the last part of the 19th century and located 15 kilometers (9 miles) northeast of Bremen.

Home to such turn-of-the-century cultural luminaries as Otto Modersohn and Paula Modersohn-Becker, Heinrich Vogeler and the poet Rainer Maria Rilke, Worpswede is still a vital center for the arts today. Over the past century, a wide range of other "colonies" has sprung up. Like Worpswede, they are located in remote settings. Their ranks include Nordhorn, Kloster Frenswegen, Lingen, Papenburg and other remote Lower Saxon towns.

SMALL TOWNS ARE HOME TO BIG BUSINESS TRENDS

Lower Saxony's towns and villages are venues for many of Germany's largest business developments, backed up by the state's academic and scientific community.

The business being conducted today in Lower Saxony takes many forms:

VW headquarters are in Wolfsburg

industrial-scale recycling of automobiles and telecommunication devices; an ongoing space exploration in compact discs; the application of wind and solar energy to local electricity and heating systems; and mass-transit systems with the mobility of the automobile.

"Lower Saxony is a big trend state," says the state's prime minister, Gerhard Schröder. Its new technical and corporate developments have two main engines. The state's large academic and scientific community, including 12 universities and 12 technical colleges as well as 118

nonacademic research institutes, has the requisite scope for large-sized, innovative systems.

In addition, the state, although decidedly small-town — 80 percent of its population lives in towns of less than 100,000 — is home to some of Europe's largest companies. Preussag, a corporate empire based on packaging, metals and transport, holds a firm place in Germany's corporate Top 20. It has its headquarters in Hannover and major production facilities in Salzgitter (population: 110,000).

Volkswagen, employing 15 percent of the state's work force and accounting for 5 percent of its GDP — and more than a third of its exports — is a major force in the state's economy.

With an annual turnover of 85 billion Deutsche marks (\$53 billion) and a production volume of 3.5 million cars, minibuses and trucks, it is Europe's largest automobile manufacturer. Rather than creating a Lower Saxony Detroit, Volkswagen has decentralized production in the state, spreading it among its headquarters in Wolfsburg,

Salzgitter, Braunschweig, Emden and Hannover. Nasse, Nesse and Nessmersiel are hard to find even on detailed maps of Lower Saxony. These coastal villages are the site of an innovative project in electricity generation.

Instead of constructing a medium-sized power plant, Lower Saxony is installing 3,000 windmills along the coast. By 2005, when the

project is completed, total output will be 1,000 megawatts.

Göttingen is located at the other, southeastern end of the state. Many of its 124,000 inhabitants are students, professors or research scientists.

As of this year, it boasts the first district heating network to rely exclusively on solar energy as a power source.

Leer is only 15 kilometers (nine miles) from the Dutch border. Since 1990,

Windmills to produce 1,000 MW

this town of 32,000 has been the site of a pioneering automobile recycling facility, reported to be the first in Europe. The goal of this major, Volkswagen-led

venture is to develop automobile recycling technologies for large-scale applications.

All Golf models purchased after Aug. 1, 1991 are subject to Volkswagen's unconditional "return and recycle" guarantee. Future staff members for Leer's facility are currently studying at Wolfsburg's polytechnic, which

is offering a new major: Recycling.

Leer is also the center for another forward-thinking Volkswagen project. Instead of taking their own automobiles into town or to work, residents of the Leer district are now able to use the innovative "Call-bus" — Volkswagen minibuses serving certain routes and sections.

Rapidly growing technology is fueling a rapidly growing community in Lungenhagen, a town directly north of Hannover. Polygram's compact-disc production facility in Lungenhagen now produces 75 million units a year, making it the largest of its kind in the world; the town is now one of Lower Saxony's most prosperous.

ON THE EDGE OF THE MILLENNIUM: EXPO 2000

The turn of the century is a propitious date for a new kind of world's fair. Hannover will be the site of Expo 2000, a groundbreaking event.

Expo 2000 will be staged from June 1 to Oct. 31, 2000 in Hannover. It will be markedly different both in approach and subject than its 64 predecessors, each generally a full-scale celebration of its host's glories and the technical advances of the time.

Says Margarita Mathiopoulos, senior vice president at Hannover's Nord/LB, one of the event's supporters, "I foresee Expo 2000 doing more than presenting an

on-site overview of technological progress. I believe it will serve to define what constitutes progress itself." Expo's motto is "Man, Nature, Technology." The fair's avowed goal, states Gerd Weiberg, head of Expo's planning commission, is to find "a balance, the points of harmony between all three. That is what constitutes quantifiable progress."

According to Mr. Weiberg, the way to find this balance is "not only to look forward at the glittering world of the possible, but to look back at our recent and distant past and evaluate the areas of achievement and of nonproductivity."

The timing of the fair is historically fitting, Mr. Weiberg points out. "Such turning-point years as 1800 and 1900 have served as a time of taking stock, of assessing the status of man and society," he says. "Both the current pace of events and the fact that we are entering a new millennium make this process more necessary than ever before."

Expo 2000 will do more than present innovative products and other offerings from the more than 120 countries expected to participate. Some 40 million visitors are expected to visit the fair's "theme park," which will extend over 70,000 square meters and feature a One World City. This holistic exhibition hall will be maintained on a permanent basis, as will the 2,500 environmentally friendly living

units constructed to house fair staff and visiting experts. The 8 billion Deutsche mark (\$5 billion) project is to be self-financing in the long run.

To meet the rigorous standards of the fair, Hannover and neighboring regions and communities in Lower Saxony — often called "our prime exhibits" by the Expo staff — will undergo infrastructure improvement, including the upgrading and creation of new transport systems. "I'm confident that most of the proposals currently under consideration — for an extension of the regional railway and underground systems, and a connection to Germany's ICE express rail system — will be realized," says Mr. Weiberg.

ONE BANKING APPROACH: PUBLIC-SPIRITED, PROFIT-MINDED

One thing Lower Saxony lacks is a London or a Berlin. So its public sector has "gone capitalist" and is developing its own financial infrastructure.

Seventy major insurance companies have their headquarters in Hannover, helping the city rank among the top five German financial centers. Many of these insurers are structured in a unique way: they are owned by the public sector or trade and beneficial groups, and are managed according to strict private-sector principles. This hybrid arrangement is also common in the state's finance houses.

The term "public-private partnerships" may be a buzzword at the moment, but the idea behind it is hardly new. In these arrangements between private-sector companies and public-sector authorities, public goods such as water, electricity and redeveloped land are furnished by the private sector on a per-profit basis.

In Germany, a unique species of finance house manages to pack into a single institution both elements of the public-private partnership: the private sector's ability to operate efficiently and profitably and the public sector's capacity to serve the common good.

Examples are provided by the state's two largest service-sector employers. BHW Beamteneinstellenwerk has its headquarters in Hameln and a staff of 4,500. This savings and loan association serves Germany's millions of civil servants. The banking constellation headed by Norddeutsche Landesbank Girozentrale — Nord/LB for short — is another. Nord/LB's constellation consists of two Landesbanken (state-level central credit institutions serving four German

states), 130 local savings banks and state-level building societies along with merchant and private banking arms. Its aggregate balance-sheet total: 267 billion Deutsche marks (\$167 billion).

In 1992, Nord/LB's operating income rose 4.4 percent to 615 million DM. Its balance sheet total of 155 billion DM at the end of 1992 represented a 15.5 percent increase over the previous year's figure. In recognition, Nord/LB's long-term and short-term offerings once more received the highest ratings from such agencies as IBCA in London and Standard & Poor's in New York.

Nord/LB and its constituent banks often seem to be public-sector agencies. Through its various subsidiaries,

Banks resemble public-sector agencies

Nord/LB finances affordable housing, the environmentally friendly retrofitting of industrial operations, the start-up of new businesses and the maintenance and expansion of family farms. Both Nord/LB and its owner-partners — locally based savings banks — are often the main sponsors of arts and community-improvement projects.

Recently, Nord/LB took on another public-spirited activity: the construction of a free-market economy in the East.

"In a sense, everything we had done during the last couple of years proved to be good preparation for our new responsibilities in the 'new states,'" says Manfred Bodin, chairman of Nord/LB's managing board.

Nord/LB Mitteldeutsche Landesbank, as the bank is formally known in the East, has been active in Saxony-Anhalt

since St. Valentine's Day, 1992. Says Mr. Bodin, "Our entry into Saxony-Anhalt involved our taking on a new, more activist mode of action, our moving from a coordinating and service role into an initiatory, developmental one."

A state-wide network of savings banks had been set up in Saxony-Anhalt during the state's first year and a half of existence. Since its arrival in Saxony-Anhalt, Nord/LB has provided the state's savings banks with personnel training programs, helped them set up computer-based settlement and accounting systems, furnished investment and financial products for their customers and assisted in securing capital backing. The state government has received access to international capital markets via Nord/LB, which is highly active in London, Luxembourg and New York.

As newly formed political entities, Saxony-Anhalt's state and local governments require more than traditional credit-arranging services. Working with local savings banks, Nord/LB has provided them with financial planning services for their annual budgets and long-term projects.

"In effect, we step in wherever financing or financial expertise are in short supply," explains Mr. Bodin. "This involvement can take the form of furnishing equity capital and start-up services to new companies, or it may comprise the channeling of federal and state investment support funds to local businesses and communities. We strive to serve as the 'conductor' orchestrating the many public- and private-sector players involved in implementing the development process."

While many parts of Lower Saxony maintained a high level of economic performance during the post-World War



Advancing progress in the region: Nord/LB's board of directors.

II era and the ensuing decades, other sections — East Frisia for example — have required concerted action to achieve economic growth.

Does this, then, constitute some kind of "Lower Saxony model"?

Says Mr. Bodin: "I think we have demonstrated in the state that public-sector policy goals and private-sector methods are by no means incompatible, and that a carefully cultivated pluralism of operating modes and of participants can in fact be highly conducive to the growth of the state and its financial community."

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel. 322 40 00. Prices may vary according to market conditions and other factors. Oct. 1

Table of bond prices for various countries including Canada, Germany, France, Italy, Spain, and others. Columns include Issuer, Coupon, Maturity, Price, and Yield.

Table of bond prices for various countries including the UK, Ireland, Greece, Portugal, and others. Columns include Issuer, Coupon, Maturity, Price, and Yield.

Table of bond prices for various countries including the Netherlands, Belgium, Luxembourg, and others. Columns include Issuer, Coupon, Maturity, Price, and Yield.

NEW YORK LIST

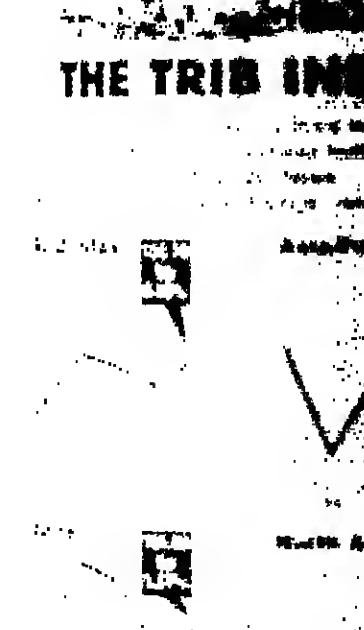
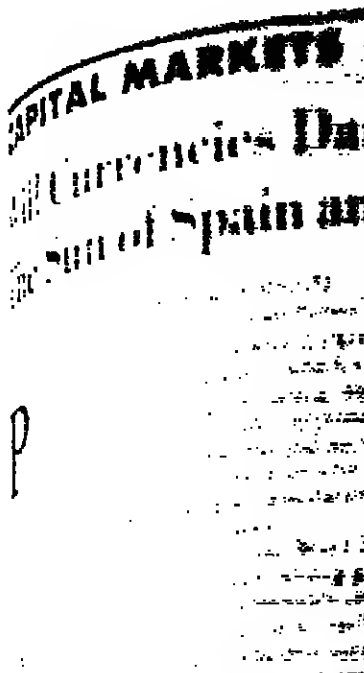
Table of stock prices for various companies listed on the New York Stock Exchange, including IBM, AT&T, and others.

MUTUAL FUNDS

Table of mutual fund prices and performance metrics, including fund names, share prices, and returns.

Yen Straights

Table of yen straight bond prices for various countries including the US, Canada, and others.



Handwritten Arabic text: 'سكنا ن الامل' (Sakna al-amil)

Handwritten number: '10'

CAPITAL MARKETS

Will Currencies Darken The Sun of Spain and Italy?

By Carl Gewirtz
International Herald Tribune

PARIS — For bond investors looking to maximize their gains, choosing the market in which to place their money is only half the challenge to doing well. The other half is making sure that the currency exposure is correct. While at first glance it would appear that the Italian and Spanish markets were the place to be during the third quarter of the year, currency movements meant that unhedged international investors did far better in guilders or Deutsche marks.

Data in J.P. Morgan's Government Bond Index shows that Italy and Spain were the best performing government markets in the third quarter with price rises respectively of 10.1 and 6.4 percent. But adjusting overall performance to include currency movements, international investors — whether measuring themselves in U.S. dollars, Deutsche marks or yen — did best holding Dutch and German bonds that in local currency terms advanced only just over 4 percent.

For dollar-based investors, movements in bond price and exchange rates produced an all-in return of 8.8 percent in guilders and 8.6 percent in marks. For yen-based investors the return in the two markets was just over 8 percent. Mark-based investors showed gains of just over 4 percent — the best that could be had given developments in the foreign-exchange market. This group of investors would have shown an all-in unbedged return of 2.8 percent on Italian bonds and only 0.8 percent on Spanish paper.

There is wide agreement among analysts that in the current quarter, bond prices in Italy and Spain will continue to outperform other markets. But there is a considerable difference of views on likely currency movements.

J.P. Morgan remains convinced that U.S. economic performance is stronger than the latest official data indicate and that there will be some modest nudging upwards of short-term rates before year-end that will have the dollar trading at 1.77 DM. The dollar ended last week at 1.6308 DM.

Laurence Kantor, Morgan's chief European economist based in London, believes that "the rally in the U.S. bond market is largely over, whereas the rally in European markets has considerably further to go. I'd overweight holding high-yielding paper: Italy, Spain and Sweden."

While the dollar may climb almost 8 percent, Mr. Kantor said he believed the likely appreciation in European bond prices would far outweigh the currency movement so that even unhedged U.S. investors would do best to invest in Europe.

The pro-European tilt is even stronger with analysts who believe the dollar is headed lower because the U.S. economy is seen continuing to underperform through the rest of the year. Swiss Bank Corp. sticks to its position that the dollar will fall back to the mid-1.50s against the mark while Neil MacKinnon at Citibank

See BONDS, Page 13

QVC Lines Up \$3 Billion for Its Bid, Bankers Say

NEW YORK — QVC Network Inc. is expected to tell Paramount Communications Inc. early this week that it has received financing for its proposed \$9.77 billion acquisition of the media and entertainment company.

On Friday, bankers said QVC's chief banker, Chemical Bank, had arranged for four other banks to assist with \$3 billion in financing. The bankers identified these as Barclays PLC, Long-Term Credit Bank of Japan, NationsBank of Charlotte, North Carolina, and Toronto-Dominion Bank.

Paramount's board decided last week that it would consider QVC's cash and stock offer, currently valued at \$9.77 billion, only when it sees evidence of the financing. The board is bound, by Paramount's earlier agreement to be taken over by Viacom Inc., to consider competing bids only if they are clearly financed.

Viacom, which operates the MTV and Nickelodeon cable television channels, is offering cash and stock worth \$7.52 billion for Paramount. Its bank syndicate is led by Bank of New York, Citibank and Morgan Guaranty Trust Co.

Traders and investors generally believe that Viacom will have to raise its bid. But they are divided over whether Viacom will have to push it well above that of QVC, a home-shopping cable television channel based in West Chester, Pennsylvania, and headed by Barry Diller.

In a square-off of roughly identical bids, some analysts reason, the better fit between Viacom and Paramount businesses would give Viacom an edge because of the prospect for better long-term value for shareholders. "Sometimes the best offer isn't the highest offer," said Tom Lower, senior vice presi-

dent for Norwest Bank Indiana, which holds nearly one million shares of Paramount. Expressing a contrasting view, Eric Rosenfeld, head of arbitrage at Oppenheimer & Co., said he would not be surprised if Viacom were to come back "with a bid in the \$90s." Oppenheimer owns a substantial position in Paramount stock.

Based on Friday's closing prices, Viacom's offer is worth \$62.94 a share and QVC's \$81.79 a share. Paramount stock closed at \$77.75, down \$1.25. Many institutional holders of Paramount stock believe that Viacom's chair-

man, Sumner Redstone, will have to come up with more than Blockbuster Entertainment's \$600 million addition to his offer. Some stock analysts believe that the new partners in Viacom's bid will be Southwestern Bell Corp. and Bell Atlantic Corp.

A Viacom-Paramount combination would merge Viacom's cable operations with Paramount's studios and publishing businesses, creating a force that could handle entertainment from conception to delivery in the living room. The phone companies don't want to be left in the cold, analysts say.

Data Firms Assail IBM as Monopolist Metalworkers In Germany Vow To Fight Pay Cuts

WASHINGTON — As a time when the words "on the ropes" are off-applied to IBM, a group of small data-processing companies is lobbying the Justice Department to move against the computer giant as a menacing monopolist. The department's top antitrust lawyer is sufficiently interested to have given the group an hour recently to make its case.

Executives representing the companies, which operate computers for outside clients, met with Anne K. Singaman, the antitrust chief, and three aides on Sept. 14. The visitors argued that International Business Machines Corp.'s data-processing subsidiary is violating a 1956 court decree that settled an antitrust suit.

IBM has said it is in compliance. A department spokeswoman said the matter is under review. The government has promised tougher enforcement of anti-monopoly laws. How it handles this case will cast new light on what that means.

In August, the Justice Department took over a two-year-old inquiry into Microsoft Corp. from the Federal Trade Commission. With the IBM case, department lawyers will have to wrestle with questions of whether the vacuum-tube, punch-card-based operations described in the 37-year-old decree's fine print are the same as today's business of mainframe computers moving billions of bits of information by fiber-optic cable.

If the Justice Department finds a violation by IBM and decides to act, it could face criticism that sanctions could harm a key U.S. company that is struggling to regain standing in the world economy.

In any case, there is no clamor from the public or Congress to act. IBM reported a loss of \$3 billion last year, and these days is generating more sympathy than fear. The country's large data-processing

companies, meanwhile, have chosen not to join in the complaint. But federal officials often act on technical violations, even if they find no monopoly threat. "To preserve the integrity of their orders, they'll prosecute," said James Lynch, an antitrust lawyer.

The complaint focuses on an IBM subsidiary, Integrated Systems Solutions Corp., based in White Plains, N.Y. With 15,000 employees and \$1.8 billion in annual revenue, ISSC operates huge mainframe-computer centers that churn the data of such clients as McDonnell-Douglas Corp., Hertz Corp. and Kaiser Permanente Health Plan Inc.

An IBM spokesman, Mark Holcomb, turned aside the allegations but declined to answer them in detail. "We have had now for 37 years an expansive and expensive program to assure compliance with the decree," he said. The subsidiary was formed in consultation with the Justice Department, he said.

At issue is the decree that settled a suit the department had filed four years earlier alleging that IBM was monopolizing emerging markets in information automation. Among other things, IBM agreed to spin off its data-processing business as an independent subsidiary that would get no special aid from it.

IBM spun off the business as ordered. In recent years it began handling commercial data processing through an in-house division, leading to murmurs of protest from some outside companies. In 1991, it formed ISSC and moved its data-processing business there. The small service companies protested to the government under President George Bush but got no action.

"We have had no action in this country, and it's either the law of the land or it's not," said Charles Young, president of Affiliated Computer Services Inc., one of the complaining companies.

FRANKFURT — Germany's largest union, IG Metall, over the weekend promised employers a "mercilessly tough" battle over pay if management tried to push through threatened cuts in metalworkers' wages for 1994.

"We say a definitive 'no' to a worsening of pay contracts," the union leader, Klaus Zwickel, told labor officials on Saturday.

But strong words on strikes were softened by clear signs that the union was making job-saving a priority for 1994. Mr. Zwickel called on employers to put a freeze on job cuts in favor of less harsh measures such as short-term working.

"We want to raise income and to ensure employment," he said. "The most effective way to secure jobs, alongside higher pay, would be a moratorium against cutbacks in employment."

Mr. Zwickel spoke at a special congress that elected him president of the 3.5 million-member union. He had been acting president since May, when Franz Steinkthler, resigned over allegations that he had used the privileges of office to make profits from stock trading.

The congress came at the end of a week in which metal industry employers made an aggressive assault on the pay round with an unprecedented move to cancel

wage contracts, a move usually made by the union side. That left workers' fearing management seek cuts in 1994 pay.

The employers' leader, Hans-Joachim Gottschol, interviewed in Welt am Sonntag, seemed neutral on a job-cut moratorium. "We do not want to exclude any topics," he was quoted as saying.

Mr. Gottschol, head of Gesamtmetall, the employers' federation, also said: "We cannot behave as though the loss of jobs was of no importance for us. We have lost around 30,000 jobs per month on average over the last 12 months."

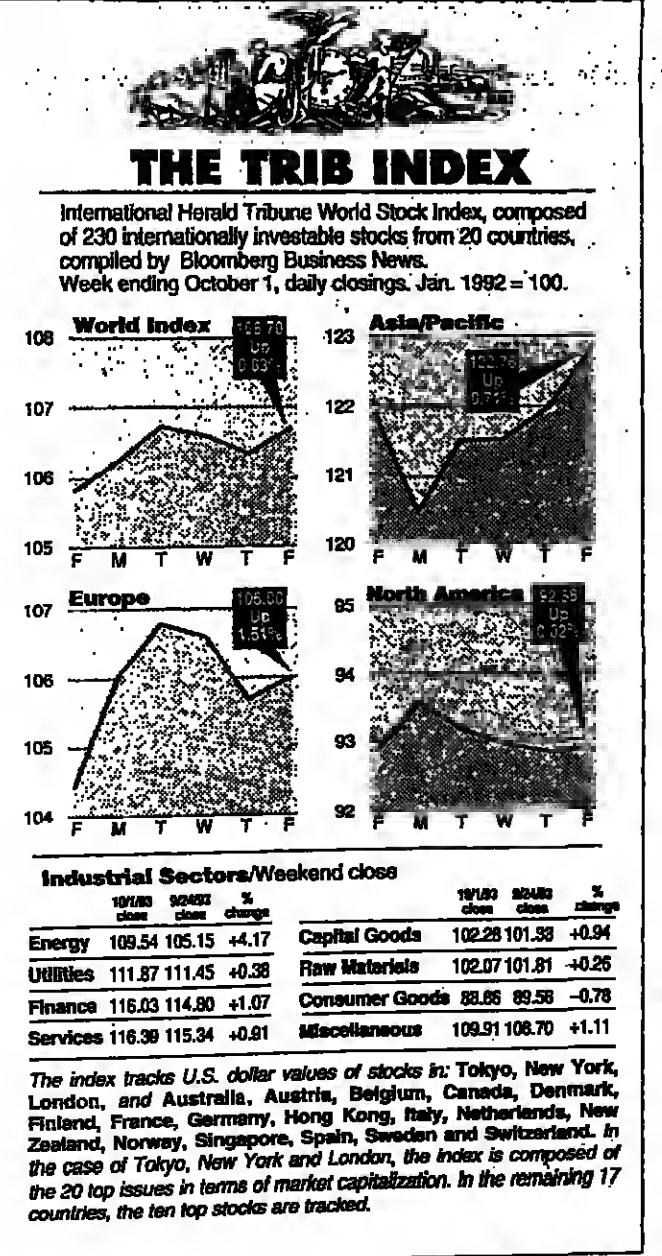
The union is aware that the talks due to start in December could be the most difficult for years. The debt burden mounted in three years of German unification, the recession, tumbling corporate profits and soaring unemployment have weakened unions' bargaining position.

IG Metall also faces the prospect that employers, their order books hit by falling demand, could respond to strikes with lockouts.

Under German law, lockouts triggered by union strike action can be extended to affect companies or workers who were not involved in the original strike.

"The employers' decision has been consciously calculated to force

See METAL, Page 14



Paris Notebook

BNP Goes for the 'Headline Number'

Banque Nationale de Paris, first at bat in France's privatization World Series, is almost guaranteed to hit a home run, but analysts say it has a lot more to do with politics than with the financial fundamentals and prospects for the bank's future.

While the government has a dire need for cash to ameliorate a recession-induced budget deficit, analysts expect the privatization of BNP — which is likely to get started this week — in the price low, between 250 and 270 francs (343.69 to 347.19) a share. The idea is to attract a high overall subscription ratio that, in turn, could raise investor expectations for the 20 other privatizations set to follow over the next few years.

"Only the chaos factor — such as a global market crash — can make this privatization fail," a Paris asset manager said. "What the government wants is to stimulate trust and confidence for the rest of the program."

Analysts expect the issue to be priced so as to be oversubscribed by a factor of four or five. "It's that headline number they're looking for," a Paris broker said. "Nothing else matters."

Warning for the Bourse

Speaking of chaos, some people say investors who have been pushing up the Paris Bourse in recent weeks should be giving more thought to what could happen if France were to back down in the ongoing dispute over the farm accord between Europe and the United States.

Ian Furnivall, analyst with Hoare Govett

in Paris, figures the Bourse could fall 10 percent to 15 percent if Prime Minister Edouard Balladur failed to obtain substantial changes in the so-called Blair House accord — changes that have been demanded by French farmers but are being resisted by Washington.

"Balladur will have to do a deal, and I don't think he'll be able to sell it to the farmers," Mr. Furnivall said. "That could result in the farmers blocking the main arteries of the country, which could cause a major disruption in the economy, which would cause American fund managers to repatriate their money, which would cause liquidity to drop and the market to fall."

The Citi Sometimes Sleeps

Citibank, which uses as an advertising slogan "the Citi over sleeps," has decided to take a 24-hour nap every Sunday in France.

Frank Berlamont, head of consumer banking for Citibank in Paris, said that in launching its 24-hour Citiphone service in France, the American bank wanted to avoid an open conflict with the local banking establishment and the government, which prohibits banking on Sundays. The phone service is staffed by only three operators who give customers updates on their accounts and take orders for transactions. But at midnight Saturday, they are sent home.

"We do think it's necessary to operate on Sunday, but we didn't want to push too hard like Virgin," he said, referring to Virgin Group PLC's Megastore on the Avenue des

Champs-Elysees, which challenged the government's Sunday trading laws this summer. But on Saturday, the National Assembly approved a draft law allowing shops in busy tourist areas, such as the Virgin store, to open on Sundays. The new law does not affect banks, but, Mr. Berlamont said, "Maybe in a year or two, the law will change."

Champagne: Fighting Word?

The folks over at LVMH Moët Hennessy Louis Vuitton, France's biggest champagne producer, are angry with the government. They argue that it has allowed state-owned Elf Aquitaine and its subsidiary Elf Sanofi to launch Champagne, an Yves Saint Laurent perfume, just as France is trying to win protection in the General Agreement on Tariffs and Trade for products intrinsically linked to their regional origins.

"Champagne is fighting the battle of its life to have appellation of origin included in GATT, and here the French government is trying to knock the hell out of the effort. It's scandalous," said a source, who described LVMH's chairman, Bernard Arnault, as "outraged."

Of course, LVMH, which markets competing perfumes such as Christian Dior and Givenchy, would have something to gain by seeing Champagne pulled off the market. A Paris judge said he would rule by the end of the month on a legal challenge brought by a wine and champagne industry association as well as by LVMH's Moët & Chandon unit.

Jacques Neher

Columbia Health Acquiring HCA for \$5.7 Billion

LOUISVILLE, Kentucky — Reflecting pressures for change in the U.S. health care industry, Columbia Healthcare Corp. announced Saturday that it was taking over HCA-Hospital Corp. of America for \$5.69 billion. The deal would create the largest investor-owned hospital chain in the world.

Richard L. Scott, chairman and chief executive of Columbia, who would be president and chief executive of the new company, said the deal would be accomplished as a tax-free exchange of shares and that no cash would be involved.

Under terms of the deal, described for accounting purposes as a pooling of interests, HCA shareholders will receive 1.05 shares of Columbia common stock for each HCA share.

The hospital chains said their accord was aimed at preparing for the kind of health-care system envis-

aged by current federal government proposals. Subject to approval by the shareholders and by antitrust regulators, the new company, which will have 125,000 employees in 26 states, will be called Columbia/HCA Hospital Corp. Its executive offices will be in Louisville and Nashville, Tennessee. (NYT, Reuters)

Epitope Sues Broker

Epitope Inc. said it had filed a lawsuit against A. Kad Kipke, a vice president of Kidder, Peabody & Co., alleging defamation, manipulation of securities prices, fraud and interference with business relations. Reuters reported from Beaverton, Oregon.

The company said Friday that the suit filed last week in U.S. District Court in Portland, Oregon, said Mr. Kipke had used a false name in log onto a Prodigy Services Co. electronic bulletin board and

had written lengthy commentaries that he knew were false and defamatory about Epitope. Officials of Kidder Peabody were not available for comment. The falsehoods, Epitope said, pertained to its management practices and its efforts to secure government approval for its OnSure oral specimen collection device for use

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CURRENCY RATES

Currency	Per \$	Per £	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100
Australian	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
British	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Canadian	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Deutsche	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
French	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Japanese	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Swiss	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Other Dollar Values									
Argentine	1000	1000	1000	1000	1000	1000	1000	1000	1000
Australian	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
British	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Canadian	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Deutsche	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
French	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Japanese	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Swiss	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52

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24th June, 1993

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Oct. 1.

Table with columns: Sales in 100s, High, Low, Close, Chg. Lists various OTC stocks like ABB, ABBN, ABBP, etc.

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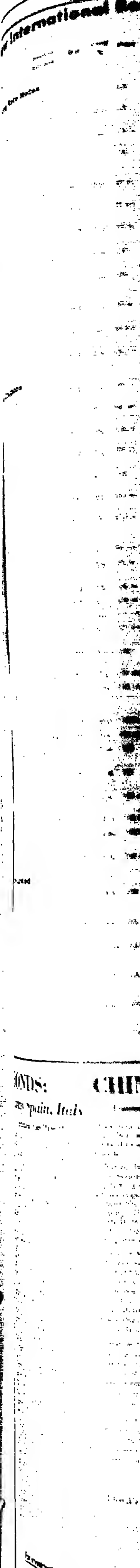
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INTERNATIONAL CLASSIFIED (Continued From Page 14). Includes sections for ESCORTS & GUIDES (BELGRAVIA ORCHIDS, BELLE EPOCH, MERCEDES), and TO OUR READERS IN VIENNA AND IN SALZBURG.

سكنا من الاجل



New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

U.S. Banks, Society and Keycorp, To Merge

By Saul Hansell
NEW YORK — Two large banking companies, Keycorp, based in Albany, New York, and Society Corp., based in Cleveland, are expected to announce on Monday that they will merge.

The transaction would create a bank that would nearly blanket the Northern United States from Maine to Alaska. With \$35 billion in assets, the combined bank would be the country's 10th largest and would have a stock market capitalization of nearly \$8 billion.

Late Friday, the New York Stock Exchange suspended afternoon electronic trading in both Keycorp and Society shares, pending the release of news.

The two banking companies are roughly the same size and do not have operations that overlap in any state. Keycorp is unusual in that it has operations in the Northeast and the Northwest, with major banks in Oregon, Washington, Alaska, New York and Maine. It is the country's 25th-largest bank, with \$26 billion in assets.

Mergers of equals generally involve a swap of the banks' stock at market value, rather than a regular issue of new shares.

Treasury Bonds Have Room to Rise

NEW YORK — Surprisingly weak U.S. economic data have given Treasury securities further room to rise, according to market analysts and economists.

Prices of Treasury bonds and notes rose last week; the yield on the benchmark 30-year bond dipped back below the 6 percent level.

sixth straight monthly decline. That means backlogs are not piling up at factories, an indication of slack demand.

The NAPM report was especially surprising because investors and traders were betting that the index would dovetail with recent statistical indications of stronger growth.

U.S. CREDIT MARKETS

off side," or short in the market, said Matthew Alexy, market strategist at CS First Boston.

A weakening economy boosts bonds because it suggests inflation will remain subdued. Rising inflation hurts the value of fixed-rate securities.

industrial plant, "that you can have quite an expansion before inflation becomes an issue."

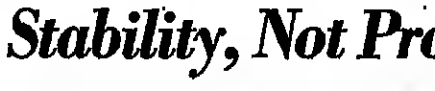
Through August, the annual inflation rate was just 2.9 percent. On bond yields, therefore, "We'll see 5.5 percent before we see 6.5 percent," Ms. Patel said.

Last week, the 30-year bond rose 27/32 of a point in price, to 103 19/32. It had plunged 2 9/32 points in the previous two weeks.

This coming Friday, the Labor Department will report on the employment picture during September. In August, nonfarm payrolls dropped by 39,000 and the unemployment rate declined to 6.7 percent.

The Week Ahead: World Economic Calendar, Oct. 4 - 8

Table listing economic events for Asia-Pacific, Europe, and Americas from Oct 4 to Oct 8.



Earnings expected: Grand Orient Holdings, M.C. Packaging, Star Entertainment, Star Paging.

Stability, Not Prosperity, in Store for N.Y. Tabloids

By Robert D. McFadden
NEW YORK — With Rupert Murdoch's completion of his long struggle to buy back The New York Post, newspaper analysts and executives say New York City's three unprofitable tabloid newspapers appear to be on the brink of a strange new era of realigning nonprosperity.

It is shaping up, these observers say, as an extended period of unseasoned stability for The Post, The Daily News and New York Newday, based on the deep pockets of their owners — a period of labor peace and financial security that seemed highly unlikely even a few months ago.

Each newspaper faces a different set of problems. But the problem for all, Mr. Reilly and other analysts say, is that many big retail stores have gone out of business, limiting a prime source of advertising revenue.

There is no question that Mr. Murdoch, whose News Corp. had a profit of \$605 million in the year ended June 30, has the money to keep The Post going indefinitely.

in what amounted to an unconditional surrender.

At the headquarters of their union, the Newspaper Guild of New York, workers who defiantly walked off the job last Monday, shutting down The Post for three days, voted to take down their picket line Monday.

BONDS: Sunny Spain, Italy

Continued from Page 11
expects the dollar will be stuck in a range of 1.60-1.67 DM.

Michael O'Hanlon of Kidder, Peabody & Co. cautioned that the lack of progress on a "social pact" between government, unions and business in Spain could impede the performance of its bond market.

Analysts emphasize Italy and Spain because they see a doubly positive situation there. Prices should soar not only because long-term rates are expected to decline, but also because spreads are expected to narrow.

CHINA: Admittedly 'Grim'

Continued from Page 1
concurrent construction schedules that they were driving material prices skyward and overloading the system.

Worse, the provincial authorities were paying their bills with a "triangular" pattern of debt passed among regional banks that was devaluing the national currency and sapping revenue needed to buy crops from farmers, meet factory payrolls and pay for high-priority transportation and energy projects.

Now that Mr. Zhu, by his own accounting, has failed to get inflation under control, many of China's economic reformers fear that their rivals, those old Communists

U.S. Cabinet Aide Meets King Fahd Amid Jet Talks

JIDDA — The U.S. transportation secretary, Federico F. Peña, met Saturday with King Fahd and delivered a message from President Bill Clinton, the Saudi press agency reported. It did not disclose details.

In August, Mr. Clinton called the king on behalf of Boeing Co. and McDonnell Douglas Corp., which are trying to sell passenger jets to the national airline, Saudia. Later, Senator Patty Murray, a Democrat from Washington state, where Boeing is headquartered, said the American companies would get Saudia contracts.

China's coal mines laid off 187,000 workers in the first half of 1993 as part of a program to improve efficiency and reduce losses, Agence France-Press reported, quoting the People's Daily.

ALCATEL ALSTHOM logo

At a meeting chaired by Pierre SUARD, on September 29, 1993, the Board of Directors of Alcatel Alsthom reviewed consolidated sales and earnings for the first six months of 1993.

Stable Earnings for First Half 1993

The Board of Directors noted the success in Asia, particularly the contract for the combined cycle power plant in Black Point, Hong Kong, the volume of digital telephone lines ordered by China, as well as South Korea's choice of the TGV for the rail link between Seoul and Pusan, thus confirming the Group's leadership position in its core activities.

Consolidated income statement table with columns: (FF million), First half 1993, First half 1992, Full year 1992. Rows include Net Sales, Income from operations after financing, and Net income.

For investment information read THE MONEY REPORT every Saturday in the IHT

China Now Admits Trade Deficit Likely

BEIJING — After months of government predictions that China would not suffer its first trade deficit in four years, a trade official has acknowledged that a deficit this year is likely, an official newspaper reported Sunday.

"It will be difficult to repeat last year's trade surplus of more than \$4 billion," said Wang Hui'an, professor at the International Trade Research Center of the Ministry of Foreign Trade and Economic Cooperation.

Quoted in the China Daily's Business Weekly, he added that just balancing imports and exports would be "good enough."

China's trade figures this year have shown imports climbing ahead of exports despite the government's three-month-old campaign to cool the economy and reduce imports.

By the end of August, the trade deficit had climbed to \$5.73 billion, on imports of \$58.14 billion and exports of \$52.41 billion.

The government in January fore-

WORLD STOCKS IN REVIEW

Amsterdam

Optimism about the prospect for recovery across Europe lifted stocks last week. The CBS all-share index rose to 246.6 points from 242.4 the previous Friday.

Volume was modest, with 3.56 billion guilders worth of equities changing hands, compared with 3.81 billion guilders the week before.

Sphinx, a manufacturer of industrial ceramics, warned of a profit fall and the shares dove almost 20 percent to 40.6 guilders.

Kempen & Co. said the market would consolidate gains this week.

Frankfurt

The stock exchange moved ahead on low volume as traders adopted a wait-and-see approach to the Russian crisis.

The DAX index of 30 leading shares closed Friday at 1,942.09 points, a rise of 1.39 percent on the previous week.

Commerzbank said the market was entering a phase of consolidation due to the "decreasing interest shown by foreign investors in the German market, the weakness of the dollar against the mark and the rise

London

The price of shares rose slightly last week, boosted by a rise in oil shares after the signing of a new OPEC production agreement.

The FT-SE 100 share index rose by 34.1 points to 3,039.3 points, a gain of 1.1 percent.

Hopes of a cut in European interest rates supported the higher prices.

But food, tobacco, stores and newspaper shares were all affected by a speech from the chancellor of the Exchequer, Kenneth Clarke, in Washington on Tuesday; he said indirect taxes might rise.

Overall, prices recovered ground later after OPEC ministers fixed a production ceiling for the organization of 24.5 million barrels a day for the next six months.

British Petroleum gained 27.5 pence to 329.5 pence, Enterprise Oil rose by 38 pence to 470 and Shell Transport & Trading climbed 24.5 pence to 675.5.

Hong Kong

Shares soared to a record high during a holiday-shortened week. The Hang Seng Index gained 151.17 points, or 2 percent, to close at 7,676.22 Thursday.

Average daily volume for the four-day session thinned to 2,977 billion Hong Kong dollars from the previous week's 3.62 billion dollars.

The market hit its record on Thursday, as U.S. and Japanese investors plunged in after an upward re-rating by Morgan Stanley of weightings for Hong Kong and

Paris

Shares pursued their trend of consolidation with the CAC-40 index gaining 1.1 percent.

The index closed at 2,116.72 up 24 points from the previous Friday.

The market has been trading in a 2,040-2,200 band in the aftermath of August's 11 percent surge.

U.S. investors, who played a key role in the August gains, were again reported to be taking French stock on anticipation of a strong recovery.

The Straits Times Industrials index gained 34.85 points, to close the week at 2,018.1.

Volume for the week amounted to 1.91 billion shares, up 16 percent from the previous week.

Singapore

Prices were little changed in a week of erratic trading in the absence of market-moving news.

The Nikkei average of 225 leading issues posted gains in the last two sessions to close the week just at 20,283.13.

Investors were encouraged by prospects of an increase in share prices on Friday, the start of the second half of the year, brokers said.

Tokyo

Shares finished an up-and-down week in positive territory with the Swiss Performance Index at 1,564.18, up 16.63 points.

Brokers said institutional investors were largely sidelined after the market's recent good run and in reaction to uncertainty about the situation in Russia.

Zurich

Stocks survived the shock of Fiat's first half results to finish the week slightly ahead.

The Mibtel index gained 1.01 percent to 10,443 points.

On Tuesday, Fiat announced a pre-tax loss of 966 billion lire for the first half of this year. The share slumped 8.5 percent Wednesday but by the end of the week the losses had been trimmed to 1.13 percent de-

Milan

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Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Oct. 1	Sept. 24	Chg%
US DJ	2,911.1	2,843.1	+1.07
DJ Indus.	2,641.7	2,642.4	+0.03
DJ Util.	1,038.2	1,038.7	+0.04
DJ Trans.	413.8	413.6	-0.05
S & P 100	451.2	451.3	+0.02
S & P 500	413.8	413.6	-0.05
S & P Ind	329.5	329.5	+0.03
NYSE Comp	2,529.2	2,543.8	+0.63

Money Rates	Oct. 1	Sept. 24
Discount rate	3.00	3.00
Federal funds rate	6.00	6.00

Exchange Rates	Oct. 1	Sept. 24
DM/US\$	1.774	1.774
Yen/US\$	146.6	146.6
Yen/DM	83.1	83.1
Yen/US\$	146.6	146.6
Yen/DM	83.1	83.1

INTERNATIONAL CLASSIFIED

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SHORT COVER

Yamaichi Covered Losses, Paper Says

TOKYO (Combined Dispatches) — The Asahi Shimbun newspaper reported Sunday that Yamaichi Securities Co. had shuffled U.S. Treasury bonds among clients in the past two years to cover several firms' losses on stock investments. It quoted Yamaichi executives as saying "four or five" billion yen (\$94.1 million).

The report said regulators would not press charges against Yamaichi, but would ask the firm to be returned to their original holders, but would ask the firm to pledge not to be involved in more such deals. (AFP, Reuters)

Microsoft to Move on Home Market

SAN FRANCISCO (NYT) — Microsoft Corp. plans to introduce a product line Monday that focuses on the home-computing market.

The creation of the Microsoft Home brand will bring together a variety of the company's software applications into a single product line combining the categories of home business, games and multimedia.

By the end of the year, the Microsoft Home software line is to have several dozen titles, including disk-based and CD-ROM-based products. It is to be expanded to more than 100 offerings by the end of 1994.

Manila Weighs Westinghouse Offer

MANILA (Reuters) — Energy Secretary Delfin Lázaro indicated Saturday the latest offer made by Westinghouse Electric Corp. to settle a case involving a mothballed nuclear plant could prove acceptable.

"It appears this might be the best we can get at this time," Mr. Lázaro said. He did not immediately disclose the details of the new offer.

The nuclear plant was completed in 1985 but was never operated, because of fears about its safety. Manila has been seeking about \$50 million in compensation.

Government Urged to Help SEAT

BARCELONA (Reuters) — Spanish trade unions have suggested that Spain's central and regional governments take a role in SEAT, the country's biggest carmaker, to ease the company's financial plight.

SEAT, a unit of Volkswagen AG, was plunged into a crisis last week when Chairman Juan Antonio Diaz Alvarez resigned after VW rejected his plan for a restructuring. Alfonso Rodriguez, SEAT's representative on the Workers' Commissions, said at a news conference Saturday that the Spanish and Catalan governments should play a role in SEAT, either through subsidies or a shareholding.

Carl's Jr. Directors Oust Founder

ANAHEIM, California (Combined Dispatches) — Carl N. Karcher, who started the Carl's Jr. fast-food chain with a single hot-dog stand 52 years ago, has been removed as its chairman in a dispute over how to revive the company's fortunes.

His ouster on Friday followed charges by directors that Mr. Karcher had been advocating irrational marketing strategies, partly because of huge personal debts. Mr. Karcher has defaulted on a \$30 million in personal bank loans. (LAT, Bloomberg)

METAL: German Union Bristles

Continued on Page 11

IG Metall into a strike so as finally to carry out the mass lockouts provided for," Mr. Zwickel said.

"We must prepare immediately for strikes and lock-outs in any form," he added.

Union sources said the union would be prepared to make concessions on pay, without going so far as accepting a cut. In return for job guarantees and a more flexible approach by employers to possibilities such as short-term work.

Impatience on Steel
European Community efforts to restructure the steel industry are stalled while member countries

Continued crisis in Russia

EC-US GATT negotiations

Starvation ahead for Bosnia?

Booming markets in Asia...

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MONDAY SPORTS

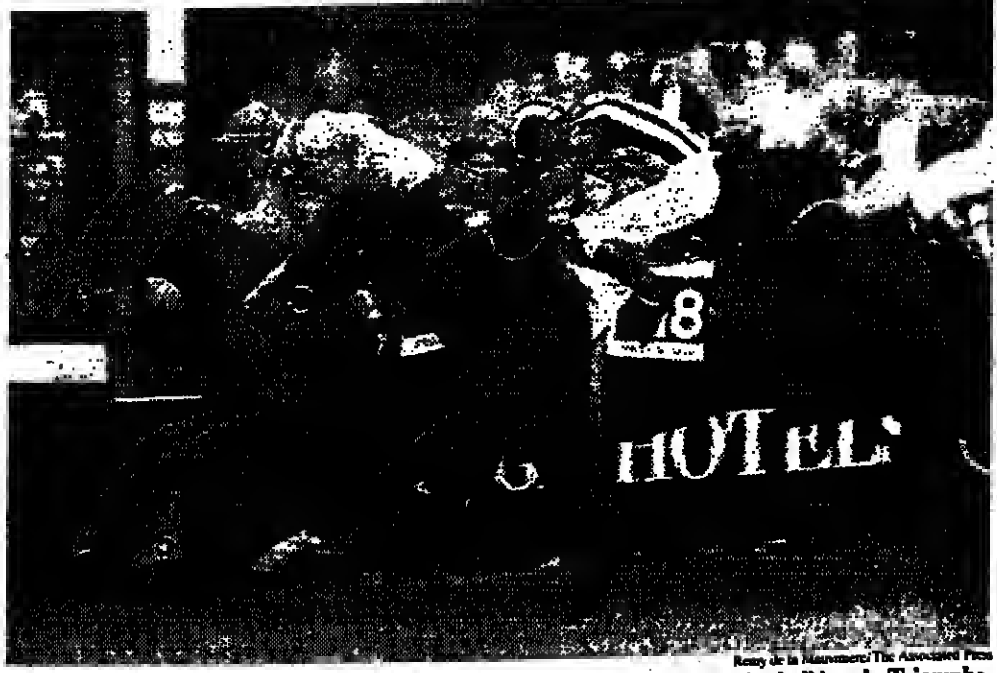
Urban Sea Triumphs in Arc de Triomphe

By Ian Thomsen
International Herald Tribune
PARIS — In that last bit when the crowd exhales all at once, a 25-to-1 long shot filly burst out from a three-horse pack on Sunday to win Europe's greatest horse race, the 72d Prix de l'Arc de Triomphe.

Now Yves Saint-Martin was smiling with the confidence of a man used to winning; his son stood before his well-mannered audience with a flat expression that betrayed nothing. They looked nothing like each other.

They paid Urban Sea 5 million francs (\$877,000). Nonetheless, her owner admitted could not believe what he saw in Paris. From certain angles, the paddock at Longchamp can look like a Georges Seurat painting.

Bob's Return of Ireland took the lead shortly before the straight, but faded to sixth. Taking the shortest route from the 12th starting hole, Saint-Martin stayed strong inside while the others fell back.



Urban Sea reached the finish line a neck ahead of White Muzzle in the Prix de l'Arc de Triomphe.

SCOREBOARD

Baseball Major League Standings. Table showing win-loss records for various teams in the American League and National League.

Baseball National League Standings. Table showing win-loss records for various teams in the National League.

Baseball American League Standings. Table showing win-loss records for various teams in the American League.

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Friday's Line Scores. Table showing scores for various sports events on Friday.

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Saturday's Line Scores. Table showing scores for various sports events on Saturday.

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Baseball. Table showing scores for various baseball games.

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Hockey. Table showing scores for various hockey games.

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Tennis. Table showing scores for various tennis matches.

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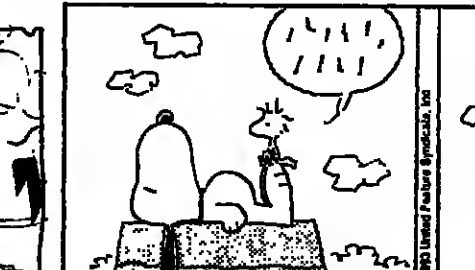
Hockey

Hockey. Table showing scores for various hockey games.

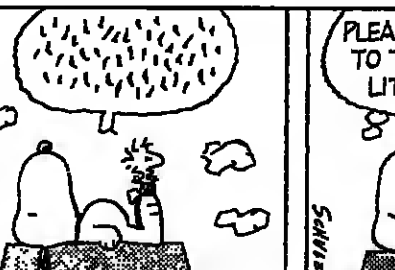
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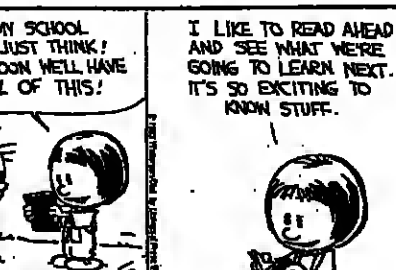
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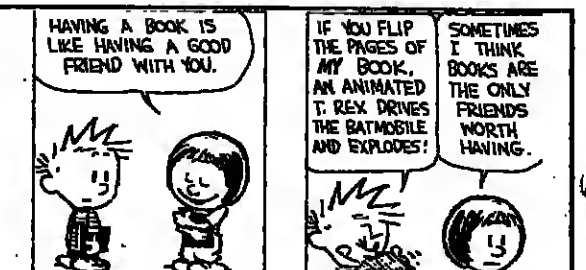
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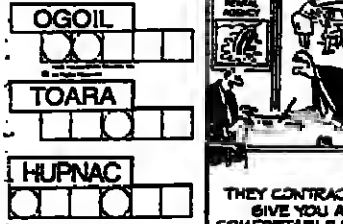
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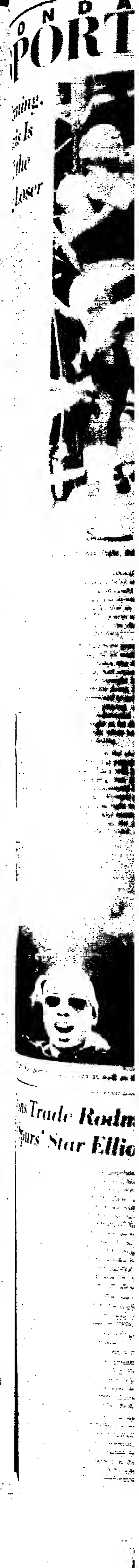


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MONDAY SPORTS

Winning, Lewis Is Still the Big Loser

By Ian Thomson

International Herald Tribune CARDIFF, Wales —

His 31-year-old beloved, who never won anything, was retired 70 seconds into the seventh round without having left his feet. He was standing straight up, mystified, as if the referee was a touch with a cop arresting him in a foreign language.

Across the ring his countryman, Britain's only heavyweight champion this century, was asking for his sunglasses in the middle of the night.

It says something about Lennox Lewis, the World Boxing Council champion, that he would bring sunglasses into the ring. They were not to protect his eyes, not at 1:35 Saturday morning. They were to prevent his acquired public from seeing the truth: a swollen and bloody left eye. His public, which still doesn't know him from Madonna, had hoped this first world title bout between British heavyweights would coalesce in one of them the makings of a universal champion. Instead they went to bed more than certain of their love for Bruno, and distressed by whatever else his survivor might be hiding.

There are advocates of the truth much sterner than their Frank. Better odds must now be given to Tommy Morrison, champion of the transparent WBO championship, who will challenge Lewis in Las Vegas in March. Most threatening of all is another American, Riddick Bowe, who might have finished Lewis in the third round, when Bruno's left jab and right crosses decked him into trouble.

Lewis (24-0) is a creation of Bowe's, who literally dropped his WBC belt in a trashcan so that Lewis might come across it and become an instant rival. All of this time in between was supposed to drive up the income on a 60-minute bout, but Bowe has been wasting it against semi-breathing pug, while Lewis has struggled first with Tony Tucker in May, and now Bruno, who retired from a two-year retirement in order to make a third and final attempt at winning a world title.

At least Bruno (36-4) stands for something, attacking in his stiff bare-knuckler's pose, legs spread, eyes glaring over the tops of the red gloves protecting his Achilles' chin. Jabs speared continually at Bruno's



Lennox Lewis, right, delivering the final blows to Frank Bruno.

left eye — retinal surgery on it convinced him to retire three years ago — but he could not be knocked off stride. He moved in constantly, like a tank, just as Lewis knew he would. The alarm sounded when it became clear the champion had no plan of his own.

He had been genuinely calm and self-assured all week. In the ring he tried to dance like Ali, lowering his arms and half-swooning, half-dodging. A straight left turned that smile upside down. How is a champion supposed to act? It's as though Lewis is playing out a role he doesn't understand. Better for him if he fought as he did for the final 30 seconds, when he was scared to death of losing.

Until then the crowd, estimated at 24,000, was perceiving him to be a fraud. They will love him while he's winning, but they will never forget, in moments like these, that he won his Olympic gold medal for Canada. The fight was all Bruno's, by method and means, just don't let him get hit on the chin. When he hurried the crowd roared. When



Afterward, Lewis was sporting sunglasses as well as the trophy.

Pistons Trade Rodman For Spurs' Star Elliott

The Associated Press

AUBURN HILLS, Michigan — Dennis Rodman, the prolific rebounder who helped the Detroit Pistons win consecutive National Basketball Association titles in 1988 and 1989, has been traded to the San Antonio Spurs for All-Star forward Sean Elliott.

Rodman was the NBA's leading rebounder last season at 18.3 per game. His 18.7 average the previous season was the league's highest since 1971-72, and the consecutive seasons at 18-plus are the only ones above 16 since 1979.

But despite his statistics, the trade Friday ended a 17-month saga during which Rodman's disappearance, tardiness and refusal to work with the Pistons' front office cast a pall over the team.

"I think when you're approaching the season, especially when you're a new coach, you want to eliminate as much negative publicity as possible," said Don Cheney, the assistant who has replaced Ron Rothstein as coach after the first season since 1984 in which the Pistons failed to make the playoffs.

North Carolina's basketball coach, Dean Smith, has received a \$300,000 bonus for an agreement with Nike that will provide shoes,

clothing and equipment to 24 of the university's athletic teams. The four-year contract with the Oregon-based shoe and apparel firm is worth an estimated \$4.7 million. Announced several months ago, it was finalized Saturday. Smith will also receive \$300,000 yearly. That money will be divided up, with \$135,000 annually going to the assistant basketball coaches. Nike also has agreed to fund an international trip for the basketball team that's worth about \$200,000.

It includes 200 pairs of basketball shoes for the team during the 1993-94 season and 500 pairs of football shoes in 1994-95. Smith said he will give all of the \$500,000 to charity.

The athletic department's decision breaks a relationship with Converse spanning the length of Smith's tenure at Chapel Hill, save for the 1970 season, when basketball players were allowed to wear the shoes of their choice.

But the coach of the defending national champions was unhappy that the school's chancellor decided to release the financial figures under the state's public records law.

"I was taught you don't say what you make," Smith said. "I've always been embarrassed I've made as much as I do."

Graf to Have Surgery on Foot Today

The Associated Press

LEIPZIG, Germany (AP) — Steffi Graf, having won her 40th straight match and the Volkswagen Card Cup by routing Jana Novotna, 6-2, 6-0, in their first meeting since this year's dramatic Wimbledon final, said Sunday she will be operated on Monday for the booby chip in her right foot that has plagued her since the French Open in May.

The injury was described as minor. Graf won't know until after the operation how long she will be unable to play, but will miss next week's Barilla Open in Zurich, where she is the defending champion.

The 24-year-old top-ranked woman's player said she again felt pain in the foot Friday and was examined by her personal orthopedist.

Museeuw Wins Paris-Tours Race TOURS, France (AFP) — Johan Museeuw of Belgium celebrated his 28th birthday 10 days early when he won the 251-kilometer Paris-Tours World Cup cycling race on Sunday.

Museeuw finished the ninth leg of the World Cup more than two lengths ahead of Maurizio Fondriest, the Italian who is already sure of winning the Cup title for the second time. Those two broke away from the pack five kilometers from the finishing line.

Museeuw Wins Paris-Tours Race

The Associated Press

For the Record Olympique Marseille's match in Lille and Paris St. Germain's match in Marrigues, at which French soccer officials had feared trouble with fans, both were largely free of incidents.

Mario Andreoli, 53, the 1978 Formula One champion and a four-time Indy car champion, said he plans to retire after one more season of Indy car driving for the Newman-Haas team.

Randy Barnes, the shot put world record holder, is not entitled to punitive damages from the IAAF or U.S. track bodies because of his two-year suspension from international competition for alleged steroid use, a U.S. judge ruled.

Four Malaysian soccer players were killed and two seriously injured by lightning during a match in Sungai, 150 miles north of Kuala Lumpur.

Fight: Sitthasakdech of Thailand stopped Miguel Martinez of Mexico in the ninth round to retain his IBF flyweight title in Bangkok.

Kicker Leads Cowboys Past Packers

The Associated Press

Troy Aikman, Michael Irvin and Emmitt Smith were in Super Bowl form but it was 37-year-old place-kicker Eddie Murray who gave the Dallas Cowboys something they've been missing, a field goal kicker.

Murray, signed two weeks ago, tied a club record with five field goals, including 48 and 50 yards, on Sunday as the defending National Football League champion climbed back to 500 with a 36-14 thrashing of the Green Bay Packers in Irving, Texas.

Dallas, which had lost its first two games thanks in part to poor placekicking by Lin Elliott, evened its record at 2-2 while the Packers fell to 1-3.

Aikman, who was in flawless form, hitting 18 of 23 passes for 317 yards, threw one touchdown pass on Sunday, making his first start after his contract dispute with owner Jerry Jones, scored on a 22-yard run and had 71 yards on 13 carries.

But it was Murray's day as the 14-year veteran tied the team mark set by Roger Ruzek in 1987 against the Los Angeles Rams with a five-for-five performance.

Each time a Cowboys drive fizzled, Murray drilled one right down the middle. He also had two field goals of 19 yards and one of 33.

The Cowboys built a 16-7 half-time lead on three Murray field goals and a 61-yard touchdown strike from Aikman to Irvin.

Brett Favre completed six consecutive passes on Green Bay's opening drive with a 1-yard run by Edgar Bennett producing the TD.

Dallas came right back to do it at on the Aikman-to-Irvin pass.

Passes of 13 and 30 yards to Irvin positioned the Cowboys for a 33-yard field goal for a 16-7 lead.

Then the Cowboys stunned the Packers with an onside kick, which Darrin Smith recovered after

Derrick Gainer knocked the ball loose from Marcus Wilson. Murray made the gamble pay off with a 19-yard field goal for a 13-7 advantage after Dallas failed to score a touchdown from the 1 as Smith was stopped short on third-and-goal.

A 66-yard Aikman-to-Alvin Harper pass positioned the Cowboys for another 19-yard shot. Smith was stopped again at the 1.

A 50-yard Murray field goal and Smith's scoring run put the Cowboys up 26-7 before Green Bay's Robert Brooks made a 95-yard kickoff return for a touchdown.

Then Murray got a piece of the Dallas record with a booming 48-yard field goal to make it 29-14.

Chiefs 24, Raiders 9: In Kansas City, Missouri, Joe Montana was sidelined after injuring his left hamstring on Aaron Wallace's late hit but the Chiefs (3-1) beat mistake-prone Los Angeles, which also was without its No. 1 quarterback.

Montana was sharp, hitting 7 of

9 passes for 68 yards and two TDs, when Wallace hit him from behind out of bounds near the Chiefs' sideline in the second quarter.

The only bright spot for the Raiders (2-2) was the debut of Rocket Ismail. The former Notre Dame star caught a 43-yard scoring pass from Vince Evans in the fourth quarter.

After Wallace's hit, the Raiders drew a 15-yard unsportsmanlike conduct penalty. Dave Krieg finished for the Chiefs.

Bears 6, Falcons 9: Kevin Butler accounted for the only points with field goals of 52 and 48 yards as the Bears hung on to beat winless Atlanta in Chicago.

Butler's 52-yarder in the third quarter matched his career high, and put the Falcons (0-5) in a position of needing a touchdown to win in the final quarter. And, with rookie quarterback Billy Joe Tolver filling for the injured Bobby Hebert, they nearly got it.

Atlanta drove to the Chicago 8-

yard line in the final minute, but lost the ball the ball on downs with 1:25 to play. The Bears (2-2) — the sixth NFL team to win a game this season, without scoring a touchdown — took over and ran out the clock.

Bucs 27, Lions 10: Michael Husted kicked a 53-yard field goal on the final play of the first half and the NFL's lowest scoring team collected three third-quarter touchdowns en route to victory over the Detroit Lions in Tampa, Florida.

Craig Erickson completed 14 of 25 passes for 210 yards and two touchdowns, while Reggie Cobb rushed for one TD and 113 yards — seven more than the entire Tampa Bay team had gained on the ground in its first three games.

The Bucs (1-3) began the day ranked 28th in total offense.

Detroit (3-2) entered as the NFC Central Division leader but unsure of where it actually stood because the Lions had struggled to score and had beaten three teams with a combined record of 1-11.

Florida State Routs Georgia Tech, 51-0

The Associated Press

Top-ranked Florida State appears to be well prepared for next Saturday's big showdown with the third-ranked Miami Hurricanes.

The Seminoles inflicted another beating on a mismatched opponent Saturday, shutting out Georgia Tech, 51-0, in an Atlantic Coast Conference game in Tallahassee, Florida. With this rout, Florida State (5-0, 4-0 ACC) has outscored its opponents by 228-14, giving it the nation's second-highest rated offense and the stingiest defense against scoring.

"I don't know where there is a weakness," said Bill Lewis, the coach of Georgia Tech (1-3, 0-3).

College Football "We need to use that football team as a model."

Charlie Ward threw four touchdown passes and completed 21 of 28 passes for 222 yards. Warrick Dunn, a freshman, rushed for two TDs and caught a pass for another as FSU outgained Tech, 582 yards to 110.

"It was a great win for us, but it doesn't mean a thing if we don't win next week," said Florida State's coach, Bobby Bowden.

"Next week people will really be able to prognosticate on what kind of team we've got."

The Seminoles have lost twice to Miami in the last two years when potential game-winning and game-tying field goal kicks drifted wide right in the final seconds.

No. 2 Alabama 17, South Carolina 6: In Columbia, South Carolina, the Crimson Tide (5-0, 3-0 SEC) tied a school and conference record with their 29th consecutive victory.

Alabama built a 17-0 lead and held South Carolina (2-3, 1-3) to one first down until late in the third quarter. Sherman Williams ran for 106 yards and two TDs.

No. 3 Miami 30, Georgia Southern 7: Ryan Collins replaced an ineffective Frank Costa in the third quarter and threw two TD passes for the Hurricanes (4-0) against Division I-AA Georgia Southern in Miami.

No. 4 Notre Dame 48, Stanford 20: In Stanford, California, the Fighting Irish (5-0) avenged a loss to the Cardinal (2-3) last year. Clint Johnson returned a kickoff 100 yards for a TD and an interception. 79 yards. Quarterback Kevin McDougal scored three times as Notre Dame ran up the most points against Stanford since 1990.

No. 5 Florida 38, Mississippi St. 24: Danny Wuerffel threw for a school-record 449 yards and Chris Doering caught three TD passes in the 21st straight home victory for Florida (4-0, 3-0). Wuerffel's performance overshadowed that of Todd



Florida State's Charlie Ward eluding a defender during the Seminoles' battering of Georgia Tech.

Jordan of Mississippi State (1-3, 0-2), who was 24 for 44 for 416 yards.

No. 7 Ohio State 51, Northwestern 3: The Buckeyes (4-0, 1-0 Big Ten) intercepted five passes and dominated the last three quarters to beat the visiting Wildcats (2-2, 0-1) for the 18th straight time. "It's embarrassing for our players and our fans," said Northwestern's coach, Gary Barnett. "We got a solid dose of reality."

No. 8 Michigan 24, Iowa 7: In Ann Arbor, Michigan, Tyrone Wheatley scored three touchdowns and Michigan's defense came up with five sacks, a blocked field goal and three turnovers. Wheatley, the

nation's leading all-purpose rusher, had 202 yards overall. The Wolverines improved to 3-1 in their Big Ten opener. Iowa is 2-2 and 0-2.

No. 9 Penn State 70, Maryland 7: Penn State (5-0) built a 46-7 halftime lead and coasted behind 536 rushing yards in College Park, Maryland. The Nittany Lions also shut down quarterback Scott Mladenovich of Maryland (0-5), holding the nation's leader in passing offense to 158 yards.

No. 10 Oklahoma 24, Iowa State 7: In Ames, Iowa, Cole Gundy became Oklahoma's career total offense leader and Dwayne Chandler scored two TDs as the Sooners (4-0,

1-0 Big Eight) recovered from a 7-0 deficit against Iowa State (1-4, 0-1).

No. 11 Tennessee 52, Duke 19: Heath Shuler threw for four TDs and the Vols (4-1) scored six of the first eight times they had the ball against the Blue Devils (1-4) in Knoxville, Tennessee. Tennessee's John Beckvoort kicked his 87th consecutive extra point.

No. 12 Arizona 38, Southern Cal 7: The Wildcats' defense, top-ranked overall, held the visiting Trojans (2-3, 1-1 Pac-10) to 47 yards rushing and set up two TDs with fumble recoveries. Dan White threw three touchdowns passes and scored himself for Arizona (5-0, 2-0).

Richardson Captures Golf's German Masters

Compiled by Our Staff From Dispatches

STUTTGART — Steven Richardson of Britain gained his first tournament victory in more than two years when he held off all challengers to win the German Masters on Sunday by two shots.

Richardson shot a 3-under-par 68 for a four-round aggregate of 271, 16 under par, to finish two shots ahead of Sweden's Robert Karlsson with the American Ryder Cup player Chip Beck third at 274.

Because the course had been saturated by rain, the sixth hole was reduced to a par 3 and the 425-

meter (465-yard) 17th shortened by 45 meters.

Richardson, who began the day one shot ahead of Beck, stamped his authority on the tournament with a birdie 3 at the opening hole, which the American bogeyed, and led by two shots or more for the rest of the round.

He also birdied the third and though he bogeyed the fourth and sixth, they were his last mistakes of the day.

Richardson, 27, whose last victories were in 1991 with both the Giroo and Portuguese Opens, earned a place in the world champi-

onship in Jamaica in December and in next year's World Series in Ohio.

Karlsson, 24, fired a 66, and another Swede, Jesper Parnevik, who won the Scottish Open in July, also ended with a 66 to share fourth place with Bernhard Langer of Germany.

On Saturday, Richardson held off a charge by Beck with a birdie on the 18th for a one-stroke lead. Fighting the pouring rain, Richardson double-bogeyed the par-4 fourth hole and fell behind Beck, but rallied to fire six birdies on the

back nine and finish at 13-under 203.

Beck, after shooting 63 on Friday, finished with a three-under 69 that was one stroke higher than the day's best round, shot by Parnevik.

Bob Estes shot 5-under-par 67 and took a two-stroke lead over John Inman into Sunday's final round of the Buick Southern Open in Pine Mountain, Georgia. Estes had a 54-hole total of 10-under 206, while Inman shot a course-record 64 in the third round on the 7,057-yard Callaway Gardens Mountain View course. (Reuters, AP, AFP)

Japanese Yacht Tokio Has Lead in Whitbread Race

Agence France-Press

SOUTHAMPTON, England — Chris Dickson, on the Japanese yacht Tokio, has taken back the lead in the Whitbread 'Round the World' yacht race.

Dickson had managed to turn a two nautical mile deficit into a two mile lead over New Zealand Endeavour, skippered by Grant Dalton, according to Saturday's latest race report. And the gap was growing as Tokio was moving faster than its rival.

In the Whitbread 60 class, Dickson had an even more impressive lead in the first leg race to Punta del Este.

The nearest W60 rival was Ross Field's third-place Yamaha, which had fallen 26 miles behind the leader. On Friday only eight miles separated the top four.

The Swiss entry Merit Cup was running second among the maxis, in sixth place overall. But it was becalmed on Friday.

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The Man Who Knocked on Picasso's Door

International Herald Tribune
PARIS—Many American soldiers knocked at the door of Picasso's studio on Rue des Grands Augustins toward the close of World War II, but only James Lord managed to insert himself into the painter's life and that of his soon-to-be-discarded mistress, the photographer and painter Dora Maar.

Lord, Picasso said, had a great future: "He will do something to astonish us all one day." This, Dora later explained, meant just the opposite: "His praise is poison." Both were right. Lord's life has been more leisureed than



Picasso's James Lord and Dora Maar (detail).

MARY BLUME
 notable, except for his 1985 biography of Giacometti, but he says he is a late bloomer. "Better to be a late bloomer than none at all." His new book of memoirs, "Picasso and Dora," is a stylish and very prickly blossom, astonishing indeed but not at all what Picasso had in mind.

In the book Picasso is a cunning monster bent on destruction. "His work is filled with it," Lord says. "He never destroyed any of his work, he destroyed around him." He is possessive of former mistresses ("When Picasso leaves a woman he expects her to spend the rest of her life in bitter solitude, yearning for him.") Dora's successor tells Lord his dismissive of their devotion:

"I have never known anyone so — how can I say? — convenient," he says of Dora to Lord. "She was anything you wanted, a dog, a mouse, a bird, an idea, a thunderstorm." Said Dora: "He used me until there was nothing left of me."

Dora, the central figure, is a beauty (though Lord immediately noted, running to fat, indolgent and witty with a sly voice and, after the breakup with Picasso, a shattered ego slightly mended by shock treatments and therapy with Lacan. Even her identity as the subject of some of Picasso's finest pictures of the '30s is illusory, she realizes, because the pictures are Picasso's and not portraits of Dora Maar.

At one point she tells Lord that she has dreamed every night of Picasso for 10 years: "There were times when I dreamed good to sleep."

Now 56, Dora still lives in her Left Bank flat around the corner from Picasso's studio. She has refused to speak to Lord for six years. The book is dedicated "To Memory — Peace."

"That was aimed at Dora, of course," Lord says. "I was hoping that the appeal for peace would strike a positive response from her." Her silence suggests the worst thing that can happen to a serious collector such as Lord: she has slipped out of his hands.

Lord, who will turn 71 next month, has lived in Paris most of his life, for the past 30 years in a beautifully composed Left Bank penthouse, where he sits under a portrait of himself by Giacometti and opposite Picasso's second sketch of him, inscribed "Pour Lord, Picasso, Paris 27.3.45." There are also portraits of Lord by Dora Maar, Balbus and Lucian Freud; not the result of narcissism, Lord says, but of a wish to partake of the artist's immortality.

From boyhood, Lord saw himself as a nonentity attracted by the great since "the proximity of greatness might have something to do with the possession of it." Picasso's first sketch of him is "tangible proof that my person had commanded the scrutiny of genius."

In December 1944, still in uniform and, unlike most soldiers, speaking good French, Lord knocked on Picasso's

door and gained admission by improvising a limp, as if from a war wound. Thus, he writes, he introduced himself with a lie. By his own admission he is secretive and devious: two attributes of both the collector and the wannabe.

Lord in 1944 was pleasant looking and mannerly, with hair that people liked to ruffle and determination buried under a puppyish facade. "I was a puppy and I had a rather prolonged puppyhood," he says laughing. His homosexuality, he says, may have prolonged his childlike state; it may also have made him seem harmless and unthreatening.

Within days he had bought a sketch pad and pencil and persuaded an indulgent Picasso to draw him, Lord, whose eye is acute, didn't much like the result, which he improved by adding three loops at the nape of his neck to suggest a scarf. He then bought a larger sheet of paper and a better pencil and got a more satisfactory second sketch.

He was also meeting other artists and starting to buy and sell. "In the '50s all you had to do was walk down the Rue de Seine and it was absolutely unbelievable the things that you saw — Monets, Degas, Géraults, Courbet, Cézanne watercolors. Amazing."

And he was becoming friendly with Dora, a sexually highly experienced woman left high and dry after a very young Françoise Gilot had moved into Picasso's life. "With her one feels at an extraordinary altitude," Lord

wrote in the diary that forms the basis of his book. She is exhilarating and demanding, going to gonorrhea statements ("If it mattered, it wouldn't matter, you know. That's the mystery you can't be mystified by."), requiring in her humiliation a privacy and respect that Lord does not understand, very much in control but bursting into tears in the final scenes while watching "Roman Holiday."

Dora clearly thought they should become lovers; Lord did not. The book is about possession: sexual possession. Picasso's continued possession of his abandoned mistress and of his works (the paintings he gives to Dora are unsigned, therefore ungiven), Lord's acquisitiveness as a collector (on his first visit to Dora he automatically counts the Picassos on the walls), Dora's unremitting stinginess, which Lord, young and living on an allowance, cannot comprehend although it is not hard to imagine a woman who feels everything has been taken from her wishing to cling to what remains.

Lord keeps count of his many gifts to Dora and notes he got little in return. The only important gift, a Picasso statue of a bird given to Lord after Dora has by mistake broken a precious gift from him, becomes a bone of contention from the moment that Lord, thrilled to possess it, lets it pass from hand to hand at a gay bar and Dora hears of it.

Later, Lord gives the bird to Dora for safekeeping and is refused when he seeks to retrieve it. It is definitely his, Dora assures him, but she will keep it "as a guarantee of good conduct." He never sees it again.

Their best moments are in Dora's house in Ménerbes, then an empty village, now the center of Peter Mayle country. It is 1954: Dora is 46 and Lord is 31. When Picasso shows up at a dinner at Douglas Cooper's he humiliates Dora and merely insults James, for praising Boudin. He should be flattered, Dora says. "It proves you are someone."

What James is never becomes clear in the book, nor does he intend that it should be: perhaps viewing oneself as a nonentity is a pretext for assuming many forms. More may be revealed in two further memoirs. The first, out next spring, tells of Lord's relations with six women, including Gertrude Stein, Marie-Laure de Noailles and his mother.

Early in "Picasso and Dora" Lord tells an astonished gallery owner that Picasso is his father; he also dreams of Picasso as a lover. Dora is at first a means of entering Picasso's world, then a worthy object of her own. When she begins to chide him, he thinks of proposing marriage to keep her. When she has refused to return the bird and ignored him, he writes a 30-page letter of the sort better not sent.

Thereafter, their meetings are rare and merely polite, even though Lord notes in the book he buys a "good sized painting" at Dora's 1957 show. He sees her for the last time in 1980 and speaks to her for the last time in 1987 when she calls to thank him for sending flowers on her 80th birthday (he sends flowers each birthday).

"Picasso and Dora" has not been published in French but Lord sent Dora the first copy, inscribed, and several letters. She has not replied. With Lord, Dora writes of their early friendship, he had "an exhilarating sense of intimacy that I have never experienced with anyone else." But she has eluded his grasp, except for her existence in his book.

Lord says he doesn't think he will ever retrieve his Picasso bird. Nor is he sure that he wants to. "I almost don't, you know. I really at this juncture almost prefer not to have it."

He has used the qualifier "almost" twice.

The Rhetoric of 'an Historic Event'

By William Safire

WASHINGTON—That signing of a peace agreement on the White House lawn — will it be remembered as a historical moment?

No, *Historical* refers generally to history, as in "a historical fact," the shorter *historic*, however, means "a moment or event of great significance, to be long remembered."

A second problem: What article belongs before *historic*, a or an?

If it is a beginning consonant that sometimes vanishes completely, as the letters of honest hours will tell you; in those cases, it takes an *an*, as do all words beginning with a vowel sound. At other times, *h's* *hush* sound leads forthrightly, as in hope, the aspiring aspirant, calling for the *a* without the *n*. The question arises when the *h* is there, but weakly stressed, as in Yasser Arafat's words, "This historic event." Here's my answer: the noun *history*, with its emphasis on the first syllable, emphasizes the *h*; that takes a preceding vowel, a "a history." The adjectives *historic* and *historical* put the emphasis on the second syllable, turning the initial *h* into a wimp, requiring a consonant to firm it up: *an historician* covering an *historic event*.

Now, in sober retrospect, we can examine the rhetoric used on the South Lawn of the White House at the handshake that shook the world.

Big day for Scripture, President Clinton, I am reliably informed, rose at 3 A.M., unable to sleep, and picked up a King James translation of the Bible to read the chapter on Joshua, who fought *(fir)* is the dialect term, from the song "Joshua Fit the Battle of Jericho" a battle in which "the walls came tumblin' down." Maureen Dowd of *The New York Times* was the only one who had the detail about the president's tie; it had trumpets on it, surely more appropriate than going tieless in Gaza.

Clinton's speech, the longest of the day, rose to the occasion. It was studded with half-concealed messages: "A peace of the brave is within our reach" alluded to the Syrian dictator Assad's reference this spring to a peace of the brave, and with Henry Kissinger sitting in the front row, Clinton used "within our reach" rather than "at hand." There was alliterative eloquence in comparing "the easy habits of hatred to the hard labors of reconciliation" and in the "defining dramas" of history. The phrase "a great yearning for the quiet miracle of a normal life" was beautiful, though followed by a banal "We know a difficult road lies ahead."

But above all, the cadences of the King James Version: the word *happen* was eschewed for "come to pass"; Clinton used "when the word went forth" (a biblical construction favored by Isaiah and also by President Kennedy at his inauguration), and also spoke of "the season of peace," an allusion to Ecclesiastes 3:1-8, which the Israeli prime minister, Yitzhak Rabin, quoted specifically: "To everything there is a season, a time to love and a time to hate, a time of war and a time of peace."

The president also alluded to Isaiah 60:18 with "that the cry of violence shall no more be heard in your land, nor wreck nor ruin within your borders" (so that's where "wreck and ruin" comes from) and to

Isaiah 57:19, quoting the Lord on peace, chosen to be read in Hebrew by Foreign Minister Shimon Peres. Let us be accused of lifting toward the Hebrew and Christian Scripture, Prince Bandar ibn Sultan, to the Saudi ambassador from the Koran: "If the enemy find a suitable passage from the Koran: 'In the enemy find a suitable passage, do thou also incline toward inclines toward peace, do thou also incline toward peace.' Arafat's opening words were from the opening lines of the Koran: 'In the name of God the most merciful, the compassionate.' (The English translation "passionate" was an error.)

Clinton closed the ceremony with a direct reference to ancient Jericho, which will soon become a PLO headquarters, using its walls as a metaphor: "The sound we heard today . . . was of trumpets tooting sound the walls of anger and suspicion between Israeli and Palestinian, between Arab and Jew." A nice touch was added at the end with the key word spoken in three languages: "Shalom, Salaam, Peace."

Chairman Arafat left the other speakers a lesson in oratorical delivery in an outdoor setting: his voice rang out, his pronunciation sounded lyrical to even those who understood no Arabic. On reading the text, however, a rhetorician searches in vain for a memorable phrase or original figure of speech; the speech seems produced by a cautious committee.

Rabin's speech not only stole the show but also advanced the "process." From its anguished opening — "it's not so easy" — the Israeli prime minister drove across the impression of a man overcoming his most grievous doubts. The speaker's purpose was to identify with and reassure the Israeli doubters in the reliability of the PLO rather than to further satisfy the triumphant believers. The reluctant handshake, a picture carefully planned, reinforced this message of determined hope over grim experience.

Former General Rabin's central message of the imperative of war's exhaustion was set up with "We say to you today, in a loud and clear voice, and encapsulated by the words that made headlines, sound bites and perhaps history: "Enough of blood and tears! Enough!"

Most of his vast television audience, and many of the White House lawn, did not grasp the significance of his choice of Hebrew prayers, which he introduced as "the prayer recited by Jews daily" and later translated as "May He who brings peace to His universe bring peace to us and to all Israel." Most observers Jews recognized it instantly as the conclusion of the Kaddish, the prayer of mourning, words spoken at graveside and repeated regularly by the bereaved in remembrance of the dead. But that prayer itself makes no mention of death; instead, it affirms faith even in the midst of death. As such, the Kaddish was a powerfully fitting choice for the speaker's pained affirmation of peace in the midst of bloodshed — for never forgetting the sacrifice of lives in an effort to bury the past.

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WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe

City	Today	High	Low	Temp	Wind	Clouds	Precip
Algeria	22/21	16/16	10/10	14/15	1		
Amsterdam	14/17	10/10	14/15	11/12	1		
Athens	28/22	18/18	12/12	18/19	1		
Berlin	14/17	10/10	14/15	11/12	1		
Bombay	27/21	17/17	12/12	18/19	1		
Buenos Aires	17/22	18/18	12/12	18/19	1		
Calcutta	28/22	18/18	12/12	18/19	1		
Cairo	28/22	18/18	12/12	18/19	1		
Chennai	28/22	18/18	12/12	18/19	1		
Colombo	28/22	18/18	12/12	18/19	1		
Dhaka	28/22	18/18	12/12	18/19	1		
Delhi	28/22	18/18	12/12	18/19	1		
Dubai	28/22	18/18	12/12	18/19	1		
Edinburgh	12/13	9/9	12/13	10/11	1		
Frankfurt	14/17	10/10	14/15	11/12	1		
Geneva	14/17	10/10	14/15	11/12	1		
Helsinki	14/17	10/10	14/15	11/12	1		
Hong Kong	28/22	18/18	12/12	18/19	1		
London	14/17	10/10	14/15	11/12	1		
Madrid	14/17	10/10	14/15	11/12	1		
Mumbai	28/22	18/18	12/12	18/19	1		
Nairobi	28/22	18/18	12/12	18/19	1		
Paris	14/17	10/10	14/15	11/12	1		
Rangoon	28/22	18/18	12/12	18/19	1		
Seoul	28/22	18/18	12/12	18/19	1		
Singapore	28/22	18/18	12/12	18/19	1		
Taipei	28/22	18/18	12/12	18/19	1		
Tokyo	28/22	18/18	12/12	18/19	1		
Yokohama	28/22	18/18	12/12	18/19	1		



North America
 Rather sunny from Boston to Washington, D.C., Tuesday through Thursday with comfortable temperatures. Warm Tuesday through Thursday in Chicago and Detroit, but it could thunderstorm Thursday, especially in Chicago. Maybe some rain in San Francisco Tuesday.

City	Today	High	Low	Temp	Wind	Clouds	Precip
Boston	20/15	15/15	10/10	15/16	1		
Chicago	20/15	15/15	10/10	15/16	1		
Detroit	20/15	15/15	10/10	15/16	1		
Los Angeles	20/15	15/15	10/10	15/16	1		
London	14/17	10/10	14/15	11/12	1		
Madrid	14/17	10/10	14/15	11/12	1		
Manila	28/22	18/18	12/12	18/19	1		
Mumbai	28/22	18/18	12/12	18/19	1		
Nairobi	28/22	18/18	12/12	18/19	1		
Paris	14/17	10/10	14/15	11/12	1		
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Singapore	28/22	18/18	12/12	18/19	1		
Taipei	28/22	18/18	12/12	18/19	1		
Tokyo	28/22	18/18	12/12	18/19	1		
Yokohama	28/22	18/18	12/12	18/19	1		

Asia

City	Today	High	Low	Temp	Wind	Clouds	Precip
Bangkok	28/22	18/18	12/12	18/19	1		
Beijing	28/22	18/18	12/12	18/19	1		
Bombay	28/22	18/18	12/12	18/19	1		
Calcutta	28/22	18/18	12/12	18/19	1		
Chennai	28/22	18/18	12/12	18/19	1		
Colombo	28/22	18/18	12/12	18/19	1		
Dhaka	28/22	18/18	12/12	18/19	1		
Delhi	28/22	18/18	12/12	18/19	1		
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Taipei	28/22	18/18	12/12	18/19	1		
Tokyo	28/22	18/18	12/12	18/19	1		
Yokohama	28/22	18/18	12/12	18/19	1		

Africa

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Algeria	22/21	16/16	10/10	14/15	1		
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Athens	28/22	18/18	12/12	18/19	1		
Berlin	14/17	10/10	14/15	11/12	1		
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Manila	28/22	18/18	12/12	18/19	1		
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Singapore	28/22	18/18	12/12	18/19	1		
Taipei	28/22	18/18	12/12	18/19	1		
Tokyo	28/22	18/18	12/12	18/19	1		
Yokohama	28/22	18/18	12/12	18/19	1		

Latin America

City	Today	High	Low	Temp	Wind	Clouds	Precip
Boston	20/15	15/15	10/10	15/16	1		
Chicago	20/15	15/15	10/10	15/16	1		
Detroit	2						